

Tab 7 (Part 2)

1 MR. WARE: Yes.

2 (Short pause.)

3 THE COURT: What is it? What language do you
4 want to point me to?

5 MR. WARE: This was the argument that Medtronic
6 made that "A licensee cannot avoid the natural
7 consequences of a decision to stop paying royalties. And
8 so the point being there was a license agreement. It
9 licensed, for sake of simplicity, one patent -- maybe
10 there was another patent -- but there was one patent in
11 question, and that patent was licensed. They stopped
12 paying royalties on -- I'm sorry, they didn't stop. They
13 never started paying royalties on a particular product,
14 so Medtronic could as a matter of contract interpretation
15 and contract law say this was a breach of the agreement.
16 Our agreement gives us the right to terminate for breach.
17 You breached it. It's a material breach. So the
18 argument, the same argument that Columbia makes today,
19 was being made that there could not be an injunction
20 against terminating the license because they had breached
21 the license by not paying. And what the court said is
22 they said this argument was "totally unwarranted."
23 That's at the bottom of that paragraph. And what they
24 say is Cordis has never paid royalties to Medtronic on
25 its fin lead and, if its interpretation of the license

1 agreement is correct, Cordis never will pay royalties to
2 Medtronic on the fin leads.

3 In our case, if our view is correct that the
4 '275 patent is invalid, we would not under this agreement
5 be required to pay royalties.

6 Now, what we have done simply is ask the court
7 as a matter of its equitable discretion, since it's not
8 possible to determine the validity of the patent within
9 the 30-day period of a termination notice, to simply
10 preserve the status quo so that can be determined so that
11 we will not be prejudiced.

12 One of the concerns that we have and one of the
13 reasons that we sought the stand-still order before is
14 that I think we can anticipate from Columbia's arguments
15 that if the court does not enjoin termination with
16 respect to the '275 and we go forward and we ultimately
17 win and we prove that the '275 is invalid, we will hear
18 this same argument being presented that, nevertheless,
19 they were entitled to terminate our license agreement
20 and, consequently, the court can no longer -- cannot
21 enter a nunc pro tunc order.

22 THE COURT: Why can't I? I thought that was the
23 effect of the stand-still. If you win on --

24 MR. WARE: Oh, as long as we have the
25 stand-still. I just meant if the stand-still ended and

1 the court denied the preliminary injunction with respect
2 to the '275, the argument would be made that we were
3 required to pay royalties, and the court can't reinstate
4 the contract.

5 THE COURT: Right. But that's the risk you
6 take. I mean, see, it seemed to me that the animating
7 principle of Cordis I is that somebody in your client's
8 position cannot have risk free litigation, although,
9 there, they thought you just had to pay while the case
10 was going on. Now, I think, after Gen-Probe, you're
11 dilemma is either you pay and you can't attack the '275,
12 even though I think the equities are different here
13 because the '275 didn't exist when you entered into the
14 licensing agreement, in contrast to the situation in
15 Gen-Probe, or you don't pay and you run the risk that if
16 you lose the case, you'll be ordered to pay more than the
17 amount of royalties under the agreement. I think it
18 would be probably hard for them, based on what I know
19 now, and it could change, to prove willfulness, but there
20 may be some measure of damages that's more than the
21 license rate. But that's the risk you take. You think
22 you're going to prove it invalid, right?

23 MR. WARE: Yes, that was Cordis I. Cordis I --
24 you might read Cordis I that way. As we've said, I think
25 it's under different facts and circumstances, different

1 law, actually, because of Gen-Probe. But Cordis II,
2 let's remember what actually happened in Cordis II. They
3 did not pay royalties on the finned leads. The court
4 enjoined termination of the license in its entirety.
5 And, so, therefore, had they ultimately lost their claim
6 on the merits that they didn't have to pay on fin leads,
7 they would not have had their license terminated. They
8 would pay the contract rate if it was owed. They
9 wouldn't be facing an infringement suit.

10 THE COURT: Does this make any difference, they
11 say in Cordis II, on the facts of this -- they say: The
12 facts of this case are outside the parameters of the
13 normal license agreement controversy in that neither the
14 validity of a patent or the validity of a license
15 agreement is at issue.

16 Here, the validity of the patent is at issue.
17 Does that distinguish this case from Cordis II in any way
18 that ought to make a difference?

19 MR. WARE: Not that ought to make a difference.
20 It's simply a different kind of dispute that arose as to
21 whether royalties were due. In that case, the issue
22 wasn't the validity of the patent, it was the scope of
23 the patent, but it was still a dispute over whether
24 royalties were due, and Cordis didn't pay, and the court,
25 nevertheless, enjoined termination, which meant that

1 Cordis would not face an infringement suit, would not
2 face any claim for additional damages over and above the
3 contract rate. So it cannot be that Cordis I established
4 a principle of law that you must not bear any risk if you
5 want to litigate over a patent in a license agreement.
6 And, so, quite the contrary in Cordis II. And it seems
7 to us that in any preliminary injunction that is granted
8 that there is always the possibility, of course, that the
9 moving party will not ultimately succeed on the merits.
10 And so, in one sense, a court anytime it grants a
11 preliminary injunction, is giving some relief that maybe
12 ultimately is improper, unfair, whatever.

13 THE COURT: Which is why what the bond
14 requirement that nobody addressed, despite all the
15 lawyers in the room, is intended to get at. We'll have
16 to talk about that.

17 MR. WARE: And we thought about that. And I'll
18 say something about that, because then I do want to come
19 back.

20 THE COURT: Come back, because we'll get to it
21 eventually.

22 MR. WARE: Okay. So, in any case, it seems to
23 us that anytime that a court grants a preliminary
24 injunction, it is making an equitable determination as to
25 whether someone should bear certain risks during the

1 litigation.

2 THE COURT: What's the question -- I often tell
3 my law clerks the essence of good lawyering is defining
4 the questions, and then the answers follow. This really,
5 I think, exemplifies it.

6 You say -- when we're talking about reasonable
7 likelihood of success on the merits, I think you say it's
8 reasonable likelihood of success on the merits of whether
9 the '275 is valid and enforceable.

10 MR. WARE: Yes.

11 THE COURT: Mr. Gindler says, no, it's
12 reasonable likelihood of success on the merits of our
13 ability, our right to terminate. So I think you're
14 disagreeing on the question. If I decided what was the
15 right question, the answer may not be easy, but it's
16 easier. So why is his question the wrong question?

17 MR. WARE: Actually, two reasons. One is that
18 the validity question, even by the contract itself, that
19 is the question of the merits, whether or not we have an
20 obligation. Now, you can say -- he can say, well --

21 THE COURT: Let me stop you right there. I
22 think you do have an obligation under the language of the
23 contract, because the patent has not yet been held
24 invalid. Basically, the contract tells you who bears,
25 you know, what you'd have to do during the pendency of

1 litigation concerning validity.

2 MR. WARE: But, of course, the ultimate
3 question is -- under that license agreement, the ultimate
4 question is is it valid or not? And so what a
5 preliminary injunction does is it simply represents an
6 exercise of the court's equitable discretion where there
7 has been an extremely powerful showing of likelihood of
8 success on the merits to say, that would be an unfair
9 result if merely -- because we all know it's impossible
10 in the 30-day cure period to have a court actually
11 finally establish that the patent is invalid -- that
12 where we think there is a high likelihood that that would
13 happen, that the equitable thing to do would be to stay
14 or enjoin the termination as, indeed, the court did in
15 Cordis II.

16 I would make a second point because this
17 contract, of course, refers to validity, a holding of
18 validity. We have also asserted unenforceability, and I
19 think that one could look at unenforceability differently
20 and say, there's nothing in the contract that forces you
21 to pay up to a finding of unenforceability. If it's
22 unenforceable, it's just plain unenforceable. And so if
23 there's an ultimate finding of unenforceability, our
24 position would be, even under this contract, you can't
25 read this contract as saying that you can force somebody

1 to pay, terminate a license agreement for failing to pay,
2 when the contract as a matter of Federal Patent Law has
3 found it to be enforceable. That's a slightly different
4 twist on it.

5 THE COURT: And just to make sure I understand
6 it, double patenting would render the patent invalid.
7 Prosecution laches would render it unenforceable.

8 MR. WARE: That is correct, right. So I don't
9 think we could stand here and make this argument if we
10 had not made a very strong showing on the merits. But
11 where we have and where we have our license agreement in
12 which the parties contemplated that for an invalid patent
13 you would not be paying royalties, it seems unfair to
14 allow their license to be terminated with the potential
15 for irreparable injury coming out of that, because we
16 don't know --

17 THE COURT: What's the irreparable -- if I grant
18 a limited injunction that gives you continued rights to
19 the '636 and the '159, if it becomes a patent, what's the
20 irreparable harm to you if you've lost your license for
21 the '275?

22 MR. WARE: A couple of different categories.
23 One, the court mentioned earlier that the mere threat of
24 litigation of an infringement case should not be regarded
25 as irreparable injury. Well, it was in Cordis II. And

1 it's not just a threat of --

2 THE COURT: I think it was in -- where do you
3 find that? Let's look.

4 MR. WARE: Towards the end of Cordis II. I
5 know it's also in the District Court, but I guess it
6 would be page 864 in the "furthermore" paragraph.

7 THE COURT: What's that? Right. No, this is
8 what I was talking about. They said that there was a
9 finding of a loss in market share caused by an injunction
10 that resulted in irreparable harm. And then they said:
11 The trial court did not make legal error or abuse its
12 discretion in concluding that termination of the license
13 agreement would cause loss of market share and possible
14 further litigation against Cordis and its customers for
15 patent infringement, thereby irreparably injuring Cordis.

16 Let me focus on that. I guess it has two parts.
17 And maybe I need to read -- reread the District Court
18 decision. But I was accepting that loss of market share
19 could be irreparable harm. But I don't think I have any
20 evidence of that in the record here, do I?

21 MR. WARE: I think that the problem is that, of
22 course, because we're at this early stage and nothing has
23 actually happened yet, it becomes very difficult to prove
24 or to imagine how would you prove or how would you
25 measure that because how do we -- how can we establish

1 what our competitors -- we know there are competitors --
2 for example, in the beta interferon market, I mean, we
3 know there's Berlex, and we know there's Serono, which
4 has just settled with Columbia. So if we are unlicensed
5 in that marketplace, and they're either licensed or, in
6 the case of Berlex don't, practice the patent because, as
7 the court may remember, they manufacture prokaryotic
8 cells, which are not claimed by Columbia, in that
9 environment, one can easily predict, I suggest, that
10 there will be, particularly in this very -- in this area
11 of public health where the importance of maintaining
12 patience on a particular regimen is very important, that
13 one can predict that competitors will suggest that Biogen
14 may not long-term be able to stay in this market. But I
15 can't. There's no way I can think to actually prove
16 that.

17 THE COURT: Well, you could have had an
18 affidavit from somebody who says, you know, this is how
19 doctors behave, and they're not going to start somebody
20 on Avonex if they think they're going to have to switch
21 them to another product in a year. But I don't have
22 that.

23 MR. WARE: No, I understand, and I think
24 there's -- I think that one can also predict that this is
25 an area where patients are anxious, and to suddenly hear

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1 that Biogen is unlicensed under a Columbia patent can
2 cause concerns. I recognize there isn't an affidavit,
3 but I think --

4 THE COURT: In this sense, you know, I'm holding
5 you at the moment in the same standing as Mr. Gindler.
6 Mr. Gindler says, you know, I'm going to bring in an
7 expert who says this isn't double patenting, and Mr.
8 Jones (sic) is going to explain why this has taken 24
9 years. It's very reasonable. You know, but I can't give
10 any weight to that because I have to decide, if I decide,
11 based on what's right in front of me. But why -- and I'm
12 looking at this sentence -- and when I can go to lunch,
13 I'll look at the District Court decision in Cordis II --
14 but the trial court says: Possible further litigation
15 against Cordis and its customers for patent infringement,
16 thereby irreparably injuring the --

17 (Short pause.)

18 THE COURT: Why is, the idea of irreparable harm
19 is, essentially, there's no adequate remedy of law. And,
20 you know, you're here. I'll try to give you an adequate
21 remedy. And, first, they say they're not going to sue
22 you and try to enjoin you, you now know that. You didn't
23 know it an hour ago. And even if they did, on the
24 present record, you've got a strong invalidity defense.
25 Where's the irreparable harm?

1 MR. WARE: I think what he said was that if
2 there was a stay pending reexamination and reissue, they
3 wouldn't sue us.

4 THE COURT: No, actually, I don't think it was
5 qualified.

6 MR. WARE: On the preliminary --

7 MR. GINDLER: Not qualified.

8 THE COURT: Unqualified?

9 MR. GINDLER: We will never ever seek a
10 preliminary injunction against any plaintiff in this room
11 at any time before the final judgment on the '275 or the
12 '159. It's not in the cards. And the possibility for a
13 preliminary injunction was the irreparable harm that Mr.
14 Ware first identified for you, and now that's gone.

15 MR. WARE: That's what I understood also as to
16 preliminary injunction.

17 THE COURT: But it's not linked to a stay,
18 right, Mr. Gindler? Even if I deny the stay and don't do
19 this in stages or phases, you're not going to be moving
20 for a preliminary injunction that would restrain the sale
21 of products during the pendency of the case?

22 MR. GINDLER: Correct. Representation that's
23 unqualified and irrevocable.

24 MR. WARE: Very nice, but what I understand,
25 vis a vis a preliminary injunction, that doesn't mean

1 that there isn't harm from a lawsuit brought against us
2 for infringement. And if we have a license that
3 continues with respect to the '275 while we have a chance
4 to litigate the validity of the patent, then we will not
5 have a lawsuit brought against us during that period of
6 time. If a lawsuit -- because if the license is
7 terminated and a lawsuit is brought against us for
8 infringement of the '275, we will bear an extraordinary
9 additional cost and burden of having to litigate an
10 infringement suit, which we will not bear if we have a
11 license. That money --

12 THE COURT: It's a cost.

13 MR. WARE: It's a cost. It cannot be
14 recovered. It is money that our clients could be
15 spending on research and development and new products.

16 THE COURT: Actually, let me see. If you
17 prevail on the counterclaim, you have to bear all your
18 own costs?

19 MR. WARE: Yes.

20 THE COURT: If you prove any validity, do you
21 have to bear all your own costs?

22 MR. WARE: If we establish -- if the court
23 rules that the patent is invalid --

24 THE COURT: Hold on a second.

25 (Short pause.)

1 THE COURT: Mr. Goldberger wants to know what
2 about section 285?

3 MR. WARE: 185, exceptional case. And,
4 certainly, you can assert that -- we can assert that, but
5 the circumstances in which a defendant --

6 THE COURT: You've got an exceptional case.
7 You've got Doctor Lodish who wrote the textbook, and
8 they've got nobody.

9 MR. WARE: Well, if Mr. Gindler wants to assure
10 me that our legal fees will be compensated for an
11 infringement case --

12 THE COURT: I mean, this is the usual rule. If
13 that could be irreparable harm, there would be
14 irreparable harm in every case. The American rule is
15 except if there's a statutory exception, you don't get
16 your attorneys' fees. It costs you money, even if you
17 were right.

18 MR. WARE: But that's the difference. My point
19 is simply that's the difference between being able to
20 litigate validity while we have a license and being
21 forced to litigate it without a license. And so that is
22 an unrecoverable cost, in all likelihood, and that --
23 unrecoverable costs are irreparable injury.

24 Again, ultimately, in Cordis II, what the court
25 did was they simply enjoined termination of the license

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1 agreement. And that's, I think, true to the concept of a
2 license agreement. It's taking -- rather than splitting
3 it up, rather than kind of rewriting it, it's taking the
4 termination clause, and it's saying, in order to really
5 terminate and to have had a basis to terminate, you
6 should only be invoking that right under the contract
7 where you really legitimately have a valid patent on
8 which they're not paying damages. And a court of equity
9 can decide to preserve that license agreement during the
10 limited period it takes to litigate that on the merits
11 rather than letting you terminate the license.

12 So we think the Federal Circuit in Cordis II
13 endorsed that approach, and we think that the contrary
14 approach that was suggested in Cordis I was largely
15 predicated upon the fact that the licensee could avoid
16 that kind of irreparable injury to itself simply by
17 paying the royalties, which is no longer available.

18 So that's essentially the argument, although I'd
19 like, because I know we're going to break for lunch, and
20 I'd simply like to suggest again that if we can move
21 forward with the kind of schedule that the court
22 indicated earlier, I think we can put these issues aside.
23 And I'm happy to answer more questions about --

24 THE COURT: A couple of things, because we will
25 stop in about five minutes. One, is there anything you

1 want to say about this stay?

2 MR. WARE: Well, as far as the stay goes, I
3 know that there are other counsel here from all the other
4 parties who were prepared to speak on that and, I think,
5 would like to have the opportunity to do that.

6 THE COURT: Maybe, if necessary, after lunch,
7 but I'm still not inclined to stay this, no matter what I
8 decide on the preliminary injunction.

9 MR. WARE: Then I think the best thing I can do
10 is say nothing.

11 THE COURT: I'll let everybody be heard on the
12 stay later, if necessary. But -- or appropriate. But,
13 second, when you say proceed on the basis I was talking
14 about earlier, I was talking about double patenting, not
15 prosecution laches. But I, frankly, haven't thought
16 through what happens if you win on double patenting.
17 Then do I have another hearing on a preliminary
18 injunction with regard to prosecution laches?

19 MR. WARE: Well, I think what section 265C says
20 is that, essentially, we would have consolidated the
21 hearing on a preliminary injunction with the merits. And
22 so if we have only tried a portion of the merits and if
23 there were any issue about the fairness of continuing the
24 stand-still or whatever at that point, for example, if we
25 had lost on double patenting, then it would seem to me

1 that we would seek at that time to argue further on the
2 preliminary injunction.

3 THE COURT: That's my general sense, that if you
4 won on the double patenting issue, I would be issuing a
5 permanent injunction, and it would be consistent with the
6 licensing agreement. If you lost on double patenting,
7 there wouldn't have been full discovery with regard to
8 prosecution laches, and then we would have a regular
9 preliminary injunction hearing. You know, the
10 stand-still would continue for some limited period of
11 time so Columbia doesn't get prejudiced by having been
12 into this, you know, agreed to it, for some limited
13 period of some for some further briefing on the
14 prosecution laches in the context of the preliminary
15 injunction analysis.

16 So it's now almost 1:20. We're going to break
17 until 2:30. But you don't get a full hour for lunch
18 because what I want counsel to do is spend some of this
19 time talking about whether either by agreement -- may not
20 be possible -- but you may want to, because, I mean, as
21 you think about it, or, you know, if as I -- if my
22 tentative views become this afternoon my decision, which
23 I might give you the conclusion of and then write
24 something up, but you'd have to get going on the
25 schedule, you know, what would be the schedule for doing

1 double patenting? You know, what is sort of the minimum
2 reasonable time? It's the summer. You know, what do you
3 want? I mean, maybe I'd permit the termination of the
4 '275 but not the '636 and the potential '159, and I'd say
5 I'm merging or maybe -- however it's phrased, whatever
6 reason, you know, I'm thinking, is Doctor Lodish -- you
7 know, have you identified your double patenting claims
8 completely? If not, how much more time do you want? Do
9 you want to go ahead based on Doctor Lodish's affidavit,
10 or do you want to supplement it with something further
11 that he would do, maybe not under the same time pressure?
12 Is there any other witness other than Doctor Lodish from
13 Biogen and Genzyme's perspective. And then, you know,
14 what's the minimum reasonable time for Columbia to
15 respond and to provide, you know, an expert and an expert
16 report? Are there -- you would know this. I didn't get
17 the impression under that Geneva Pharmaceuticals that
18 there would be documents that would be discoverable but,
19 if somebody has a different view, that would have to come
20 into focus. Is there any other discovery other than this
21 sort of expert discovery? But, basically, once the
22 issues were identified, the expert reports were
23 exchanged, I'd give you a reasonable period of time to
24 depose the experts, to say prepare cross motions for
25 summary judgment if you thought there was a proper basis,

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1 or I probably would see you, actually, and say, you know,
2 is there a material disputed fact here? Should we
3 leap-frog over summary judgment and start talking about
4 trial? And you would probably say, you know, we've got a
5 good motion for summary judgment. And then, you know,
6 what's the schedule for briefing the motion for summary
7 judgment? And then you'd have to give me a couple of
8 weeks to get ready for the hearing. And then if I denied
9 it, you know, a couple of weeks after that, I hope we
10 would have a trial.

11 So if you had about 15 minutes or so to talk
12 about that, do you think you could come up with a
13 schedule? I'm figuring you'd get like an hour to eat.

14 MR. WARE: We'll try. We may end up
15 suggesting, particularly if it were possible to work this
16 through with Columbia's counsel, it may be easier if we
17 had until tomorrow, for example.

18 THE COURT: Here's the problem. As a practical
19 matter, here's the problem. Today is the last day I have
20 in the near future to deal with this. I have some major
21 matters -- a major matter to deal with tomorrow and
22 Thursday. Friday is my last day here. I have a judicial
23 meeting. I'm going on vacation. I may write something
24 that memorializes the decision while I'm on vacation.
25 But, I mean, if you would reach something in general

1 principle -- it's not that you couldn't mail it in to
2 finalize the schedule -- but I want to know if we're
3 talking about a couple of months or if somebody thinks
4 we're talking about -- if I understand double patenting,
5 I don't know why we can't have a motion for summary
6 judgment and maybe the trial this year. That's my point.

7 MR. WARE: We think so too, and we'll work on
8 that over lunch.

9 THE COURT: Well, come back at 2:30. We'll see
10 where we are. And after lunch, if there's somebody else
11 who wants to be heard on the stay and I think it's useful
12 or, even if it's not, since you've come a long way, I'll
13 let you be heard. This issue will influence the
14 schedule. And then we still have the issue of what the
15 Patent Office passed out on the '159.

16 MR. WARE: May I just ask for the benefit of
17 counsel who did travel a long way, there was an earlier
18 order to the effect that counsel should plan to be here
19 tomorrow as well, do you think that's not likely --

20 THE COURT: I guess I would say the following.
21 I hope not. I'm prepared to stay as long as necessary
22 tonight to get you all going. I think that should be
23 feasible. Okay?

24 MR. WARE: Thank you.

25 THE COURT: Say your name for the record.

1 MR. WEINBERG: Arthur Weinberg for Amgen. Very
2 heartened by your inclination on the stay motion, but I'm
3 a little bit uncomfortable sitting on the sidelines for
4 the double patent, since I think all of us plaintiffs
5 have raised that issue, and it's very important to all of
6 us.

7 THE COURT: You all should talk. I don't want
8 to -- that's a very important point. If that's an issue
9 that's common to all the cases, that's why we have a
10 Multi-District Litigation. You know, I think I would,
11 you know, let you all participate in that, and then
12 you're stuck with my decision or the jury's decision.
13 It's not my intention to do it four different times.

14 All right. So you all talk over lunch.

15 Come back -- you have to eat, I suppose. Come
16 back at 2:45. Try to hammer out a schedule you all can
17 live with. Unless I change my mind, that's where this is
18 going, one way or another.

19 Court is in recess.

20 (Luncheon recess.)

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1 AFTERNOON SESSION

2 THE CLERK: Court is back in session. You may
3 be seated.

4 THE COURT: Good afternoon.

5 MR. GINDLER: Good afternoon.

6 THE COURT: Did you make progress on a possible
7 schedule?

8 MR. WARE: We did, your Honor. The parties
9 have met and, believe it or not, we more or less are in
10 agreement --

11 THE COURT: Take that microphone, please, and
12 speak into it.

13 MR. WARE: Start all over. This is Don Ware
14 again on behalf of Biogen and Genzyme. We did meet with
15 opposing counsel, and we certainly, I think, agreed on
16 the outlines of a schedule. There may be a few wrinkles
17 in it. We weren't quite sure what to do about a trial
18 date in the event a trial were necessary. But I think in
19 terms of period for discovery, for expert reports, for
20 briefing and, indeed, for a hearing date, if November 10,
21 as the court had perhaps just arbitrarily suggested, but
22 November 10 was the date we worked back from and, if that
23 date were available for a hearing, I think we have a
24 schedule in mind that would allow us to get to that date
25 for a hearing.

1 THE COURT: November 10 looks okay. November 12
2 is the day after Veterans Day, but we can work back from
3 November 10.

4 So what are the dates?

5 MR. WARE: I think I'll defer to my colleague,
6 Claire Laporte, if I may.

7 THE COURT: Okay.

8 MS. LAPORTE: Yes, your Honor, the dates that we
9 came up with -- and, again, we haven't had a chance to
10 fully work these through with Columbia -- but at least I
11 think that plaintiffs would suggest that -- I'll start
12 with certain dates -- that document production of certain
13 limited types of documents occur in approximately a week.

14 THE COURT: By whom?

15 MS. LAPORTE: By Columbia, since we believe that
16 there are essentially a very limited set of documents
17 that we're looking for at this point, and I can get into
18 that in a moment.

19 In terms of the dates --

20 THE COURT: So in a week, say, basically, by
21 July 1, roughly?

22 MS. LAPORTE: Yes. The other thing I should add
23 is that we actually believe that most of the document
24 production that we would want has been produced in a
25 previous case in which Columbia was seeking to enforce

1 the earlier three Axel patents. And so it's already been
2 produced. It's been numbered. It's been privilege
3 reviewed. And, in fact, counsel for Serono represented
4 the defendant in that action, and so we were thinking
5 that if we could get the consents from Columbia, we might
6 simply be able to just pull that production over --

7 THE COURT: Are these dates that you've
8 discussed with Columbia?

9 MS. LAPORTE: Well, yes.

10 THE COURT: Tell me what they are.

11 MS. LAPORTE: The dates are to serve contention
12 discovery, July 2. To respond and to provide claim
13 charts for claim construction, July 23. August 5 for
14 initial expert reports.

15 THE COURT: Actually, maybe I'm getting very
16 tired. Are these things the plaintiff is going to do?

17 MS. LAPORTE: These are things that both sides
18 would do.

19 THE COURT: Simultaneously?

20 MS. LAPORTE: I'm sorry?

21 THE COURT: Simultaneously?

22 MS. LAPORTE: Yes, simultaneously.

23 THE COURT: Go ahead.

24 MS. LAPORTE: That responsive expert reports
25 would be due August 20.

1 THE COURT: Wait a minute. When are the expert
2 reports due, August 5?

3 MS. LAPORTE: Yes. Well, initial expert reports
4 would be due August 5, and then each side would respond
5 to the other's report, and then a responsive report due
6 August 20.

7 THE COURT: Yes, then?

8 MS. LAPORTE: Then the next date would be to
9 move for summary judgment on September 24, with
10 opposition briefs due on October 8.

11 THE COURT: Right.

12 MS. LAPORTE: And reply briefs due on October
13 20. And we were aware -- we were working back from the
14 November 10 date that the court had suggested earlier
15 but, also, had flexibility to try to provide a tutorial
16 to the court either right before that or at some other
17 time that the court might find convenient.

18 THE COURT: Yeah, we built in a tutorial
19 probably once your summary judgment briefing was filed,
20 and that may push things back a little beyond the 10th
21 by, I mean, like a week or something to build in time for
22 the tutorial.

23 MR. GINDLER: There are a couple of parts of
24 this that we might want to modify a bit. One is how the
25 contentions work, because we need something to respond

1 to. In other words, we're okay if they want to serve
2 their contentions of invalidity, and they want us to
3 serve our responses as to why they're wrong. That's
4 fine. But I think it should just be a mandatory
5 disclosure. They disclose their invalidity position on
6 double patenting, and we respond to it, since it's their
7 burden of proof.

8 THE COURT: That sounds sensible. It's what I
9 had in mind, although you all are patent lawyers. Why
10 wouldn't that make sense?

11 MS. LAPORTE: Well, your Honor, I think that our
12 thought was that we would actually build it in by having
13 besides served things like contention interrogatories --

14 THE COURT: What is a contention interrogatory?

15 MS. LAPORTE: Well, for example, please tell us
16 the reason why claim X of the '275 patent is not invalid
17 in view of claim Y of the '017. So what that does is
18 that pretty clearly sets forth the contention that we're
19 starting out with, which is that it is invalid.

20 THE COURT: That's what you're proposing to file
21 on July 2, correct?

22 MS. LAPORTE: Yes, your Honor.

23 THE COURT: But you wouldn't get an answer on
24 July 2.

25 MS. LAPORTE: Right, we would be expecting to

1 get an answer on July 23.

2 MR. GINDLER: But that doesn't really help us.
3 In other words, I need to be responding to something. In
4 other words, what's their contention and what's the basis
5 for it? Because I need to tell them why they're wrong.
6 So they'll tell me the claim 5 of the '275 patent is
7 invalid in light of claim X of the '216 patent, and here
8 is the reason we say that it is. And we then respond by
9 saying, it's not invalid in light of claim so and so of
10 the '216 patent, and here is the reason for our position.
11 Each side should be disclosing fully their positions as
12 if they were serving interrogatories. I don't want to be
13 saying, well, claim 5 is not invalid in light of claim X
14 of the '017 patent, and they're saying, that's not our
15 contention.

16 MS. LAPORTE: Your Honor, we have already
17 provided fairly extensive disclosure of our contentions
18 with the Lodish declaration and, as I was proposing, we
19 would try to focus the inquiry somewhat by having actual
20 contention interrogatories that would provide some sort
21 of preliminary identification of the particular claims we
22 would be asking Columbia to respond to.

23 MR. GINDLER: They're the plaintiff. They have
24 the burden of proof.

25 THE COURT: Okay. Let's say I'm persuaded. How

1 would we proceed? You just have to tinker with the
2 schedule.

3 MR. GINDLER: Give us a date by which they'll
4 disclose --

5 THE COURT: I'm asking them what date.

6 MR. GINDLER: Why don't they disclose on July 2
7 and we'll respond on July 23.

8 MS. LAPORTE: Your Honor, July 2 is so close, I
9 don't think that all the plaintiffs can at that point
10 coordinate their contentions by that time, so I think we
11 would need to push those dates a little bit.

12 THE COURT: That's okay. If I really could
13 trust -- I don't mean to insult anybody -- if I could
14 trust you all when out of my sight, I'd give you until
15 tomorrow, but I can't put this down. But we'll take care
16 of this before you leave. We're going to come back to
17 it. Because my present intention -- and this is all
18 fluid -- but my present intention is whether I enjoin
19 everything, whether I enjoin termination of the '636 and
20 '159, or I enjoin nothing, my present intention is to
21 take up double patenting first and, in this same period
22 allow, if you identify it for me by name, the sort of --
23 the people who might be vulnerable to not being --
24 foreseeably vulnerable not being around a year from now.
25 And I'm going to permit Mr. Jones' (sic) deposition be

1 taken by both sides.

2 MS. LAPORTE: Mr. White?

3 THE COURT: Mr. White, excuse me. I've been
4 here since six this morning. You're finally getting to
5 me. Mr. White's deposition. So it's there we quickly go
6 into a preliminary injunction hearing after a summary
7 judgment on prosecution laches after summary judgment or
8 trial. Here's what Mr. White had to say. One
9 deposition.

10 All right. Let's come back to some of these
11 issues.

12 The plaintiffs in the other cases want to
13 participate in this process?

14 COUNSEL: Yes, your Honor.

15 THE COURT: Just identify yourself and your
16 client for the record, please.

17 MR. PALS: Your Honor, maybe I should go first.
18 This is Mark Pals. We represent Abbott Bioreserach
19 Center, which is in the same case as Biogen and Genzyme,
20 and we'd want to participate.

21 THE COURT: Okay. So you're in the District of
22 Massachusetts in that case before me. You can
23 participate clearly at summary judgment and at trial.

24 Okay, who wants to go next?

25 MS. BEN-AMI: Yes, your Honor, it's Leora

1 Ben-Ami, and I represent Wyatt and Genetics Institute,
2 and we also have a case before you. Our case was filed
3 in Boston. So we would like to be part of it.

4 THE COURT: So you'll be part of summary
5 judgment and trial.

6 MS. BEN-AMI: Yes.

7 THE COURT: Who else?

8 MS. PRUETZ: Good afternoon, your Honor. Adrian
9 Pruetz for Genentech. Our case is in the Northern
10 District of California, but we would like to participate
11 in the summary judgment and the trial.

12 THE COURT: Summary judgment and trial.

13 MR. MAFFEI: And the trial in this court if
14 there is one.

15 THE COURT: I haven't had a Multi-District
16 Litigation for about 15 years, so I may have reacted a
17 little too quickly this morning. I have authority, as I
18 understand it and refreshed myself over lunch, to decide
19 summary judgment in all of these cases.

20 In an exceptional case -- but I don't know if
21 it's me or the panel that decides what's an exceptional
22 case -- I can try a case. So you're all in for summary
23 judgment, at least. And, you know, if you want to be
24 here for trial, we'll just have to look at how to do it,
25 because I do think it would serve the purposes of the

1 Multi-District Litigation to have as many of you if not
2 all of you here for trial. But that's just something to
3 think about.

4 MS. PRUETZ: We agree with that, your Honor, and
5 we'd like to be part of the expedited proceeding that the
6 court has suggested.

7 THE COURT: I'm not trying to talk you out of it
8 at all. I'm trying to talk you into it. But it will
9 help me in my conversations with Judge Goldberger. Why
10 do you want to be here all the way through trial and the
11 expedited proceeding?

12 MS. PRUETZ: Well, I think the first thing is
13 that it's an expedited proceeding, and we'd like to --
14 we, of course, make the assumption that summary judgment
15 will conclude this matter, and we very much want to
16 participate in that. But throughout these proceedings,
17 the parties -- the plaintiffs have endeavored to
18 cooperate with each other. The briefs that have been
19 presented to the court have in large part been joint
20 submissions. And I think we have cooperated well. We
21 can cooperate to streamline this entire proceeding for
22 all of our clients.

23 THE COURT: And is certainty important to your
24 client?

25 MS. PRUETZ: Certainty is extremely important to

1 Genentech. We have more products implicated in this case
2 than any other party. The discussion that took place
3 concerning the stay about how uncertainty wouldn't affect
4 product development decisions, I mean, that's really not
5 true. Uncertainty is the major problem and products
6 coming down the pike. Do you change manufacturing
7 processes? Do you add costs to consumers to deal with
8 the issues? So we really want to -- if we can do all
9 this before the end of the year, we would be delighted.

10 THE COURT: Because that argument engaged me. I
11 know your first choice is that you win, but I think the
12 second choice is you know where you stand, and then you
13 deal with it as a business matter, I would think.

14 MS. PRUETZ: I think that's right, your Honor.
15 One thing that hasn't come out, and I know that a lot of
16 this is not in the record yet, but I think that the
17 parties -- Mr. Gindler has sort of thrown around some
18 terms about changing manufacturing processes and all of
19 that. When you're dealing with products like these, it's
20 more than just was tweaking an assembly line. You may
21 have to go through clinical trials again. There are a
22 lot of issues involved when you're dealing with drug
23 products and biotechnology products. So we just think
24 the expedition of this is very important.

25 THE COURT: I got on this path because,

1 basically, the plaintiffs were taking the position that,
2 you know, they had a good clean shot on double patenting.
3 At least when I read that footnote in Geneva
4 Pharmaceuticals I thought, it's clean. We'll see how
5 good it is.

6 MR. WEINBERG: Your Honor, Arthur Weinberg for
7 plaintiffs Amgen and Immunex, and we would like to
8 participate both in the summary judgment and in the
9 trial.

10 THE COURT: Okay.

11 MR. ZALESIN: Your Honor, Steve Zalesin for
12 Johnson and Johnson. We certainly would like to
13 participate in the summary judgment proceeding. I think
14 it's likely that we'll have an interest in participating
15 in the trial as well, if there is one, but I'd like to
16 talk with my client a little bit further before we commit
17 to a position on that.

18 THE COURT: How long is that going to take?

19 MR. ZALESIN: A day or two.

20 THE COURT: All right. I want you to let me
21 know noon on Friday whether you want to participate in
22 the trial, because I think if you want to participate
23 through trial, we all need to look at how I get
24 jurisdiction over you and whether I need to go back to
25 the Multi-District Litigation panel or maybe if you all

1 agree that at least you should be here, you know, through
2 trial of this first -- we've got to figure out what we're
3 doing.

4 MR. ZALESIN: I agree, your Honor. Our case
5 comes out of the Southern District of New York. I'm not
6 sure if both parties agree. I'm sure that's going to
7 make the process easier, and I'm sure we can get you an
8 answer by noon on Friday.

9 THE COURT: First time in two years I was right
10 on the rare occasions when we disagree.

11 Let me go back a little bit to the preliminary
12 injunction. I've got a question for Mr. Ware. Cordis I,
13 I looked at the District Court decision, 1986 Westlaw
14 15722, as well as the Federal Circuit decision in Cordis
15 II.

16 I think, Mr. Ware, you characterized the
17 injunction as an injunction against termination of a
18 license agreement generally, but what it actually says in
19 the order portion of the District Court decision, and
20 it's reiterated on page 864 of the Federal Circuit
21 decision: It is ordered that the defendant is
22 preliminarily enjoined from terminating its license
23 agreement with plaintiff for the manufacture, sale, and
24 use of tine leads pending the outcome of this litigation.
25 And that suggests to me that there at least could have

1 been a termination of the agreement with regard to the
2 fin leads, which would have exposed Cordis to the risk of
3 paying some sort of statutory damages if it lost its
4 argument with regard to scope. And if that's true, it
5 would make Cordis II analogous to what I've been thinking
6 about, that you would be exposed to the risk of statutory
7 -- some form of statutory damages if you lose on the
8 '275, but you would still have a license for the '636 and
9 the '159 if it becomes a patent.

10 I wonder if you read Cordis II differently.

11 MR. WARE: I'm looking at that language now,
12 and your Honor may be correct. I will say we attempted
13 in the last week to see whether we could actually get the
14 original papers and, of course, this is in 1985 or '86 or
15 whatever, and we didn't succeed, so I cannot say with
16 certainty what the text of the order was. I think we
17 would submit, even if that were the case, that the court,
18 nevertheless, under the circumstances of our case, does
19 have the equitable power to go further than that. But in
20 terms of what actually happened in Cordis II, it's a
21 little bit hard to say.

22 THE COURT: All right. Now, what about this
23 bond issue? I don't know if you've had time to think
24 about it. But if I were to grant you the broad
25 preliminary injunction that you're looking for and say

1 they can't terminate the '275, what kind of bond should
2 you be required to post? Because it says in Rule 65C:
3 No preliminary injunction shall issue except upon the
4 giving of security by the applicant in such sum as the
5 court deems proper for the payment of such costs and
6 damages as may be incurred or suffered by any party who
7 is found to have been wrongfully enjoined.

8 MR. WARE: And the court is certainly correct
9 that the provision does so provide. Columbia, of course,
10 didn't ask for one, and our position would be on the face
11 -- on the record before the court, that there would be no
12 basis or that if -- if the court were going this route as
13 opposed to the expedited trial, we were going this route
14 and the court were granting an injunction --

15 THE COURT: Or doing both. In other words, my
16 present intention is to do an expedited trial, whether I
17 issue a complete injunction, a narrow injunction, or no
18 injunction.

19 MR. WARE: I think the court pointed out
20 earlier, of course, it depends a little bit on the scope
21 of the injunction.

22 THE COURT: That's why I said if I grant you an
23 injunction against termination of the '275, what do you
24 say the bond should be?

25 MR. WARE: And we would still say that the bond

1 should be in a nominal amount, and here's why. First,
2 not only did Columbia not ask for a bond, but Columbia
3 did not make any showing in its papers of any harm to
4 Columbia other than an abstract proposition that this
5 could be harmful to educational institutions or whatever,
6 but there was no showing of harm.

7 THE COURT: I don't know the amount, but they're
8 losing, at a minimum, the royalties you would pay if the
9 '275 is valid.

10 MR. WARE: Well, no, because, first of all, if
11 the result of the injunction -- if there is no
12 injunction, Biogen is not currently and Genzyme are not
13 currently paying anything, so the injunction is not
14 changing that status quo in terms of payments.

15 Now, they might say, well, okay, but if we -- if
16 we ultimately succeed --

17 THE COURT: Let me stop on that.

18 MR. WARE: Okay.

19 THE COURT: So you're saying I would have found
20 that you're reasonably likely to succeed, that there's
21 some sufficient degree of irreparable harm, and you're
22 saying, well, we're not paying anything anyway because
23 we're only using the '275, and it's likely to be held
24 invalid, so a nominal bond is appropriate.

25 MR. WARE: Yes. And just to play that out a

1 little bit further. It's not as if an injunction was
2 cutting off any current revenue to Columbia, so that's
3 point 1. Now, point 2, if ultimately the patents were
4 found invalid, then Columbia would have a claim under the
5 contract. That is to say, if the contract is still in
6 place, Columbia would have a claim under the contract.
7 And so the only argument that they could make that
8 somehow there was some incremental loss to them would be
9 to establish that somehow they would have had a right --
10 they would in fact have obtained an amount greater than
11 what is in the contract, and they certainly have offered
12 no basis for the court to make such a finding, and we
13 think such a finding -- well, certainly, this record does
14 not support that. And, so, under those circumstances, it
15 would be, in our view, speculative to say that the entry
16 of the injunction forcing Columbia to stick with the
17 license would be -- would give rise to anything other
18 than a nominal bond.

19 Now, if they came in and they said, well, but we
20 don't think Biogen or Genzyme will be able to pay because
21 of a financial issue -- sometimes you can have that
22 situation with a bond -- and somebody would say, our
23 contract remedy doesn't help us because we can't predict
24 that they'll be in a position to pay -- but that hasn't
25 been suggested at all, and there wouldn't be any basis

1 for it.

2 So, in those circumstances, since Columbia would
3 still be able to recover its contract amount, we don't
4 think that there's a basis for the court to enter a bond
5 that would cover some incremental amount. So, therefore,
6 on the basis of this record, we think a nominal bond
7 would be the only appropriate amount.

8 THE COURT: And what should the bond be if the
9 '275 is terminated?

10 MR. WARE: Well, if the '275 is terminated so
11 that the only effect of the injunction is to -- is to
12 retain the license in force with respect to the '636
13 patent, which is not currently being practiced, and the
14 '159 application, which has not issued, it would, in our
15 view, be highly speculative for Columbia to suggest that
16 the issuance of that injunction has caused them or will
17 cause them any actual monetary harm.

18 THE COURT: Are Biogen and Genzyme both paying
19 \$30,000 a year that's credited towards royalties?

20 MR. WARE: Yes, but they are continuing to pay
21 that.

22 THE COURT: Oh, they are?

23 MR. WARE: Yes.

24 THE COURT: So you would continue to pay that so
25 you don't have to pay it as a bond?

1 MR. WARE: Yes. As we have, by the way, your
2 Honor. We paid it in 2004 well into this case, and the
3 payments were accepted by Columbia.

4 THE COURT: And what would Columbia say the bond
5 should be if I enjoined the termination of the '275?

6 MR. GINDLER: Well, that's a good question. I
7 was just thinking about that.

8 THE COURT: Thank you.

9 MR. GINDLER: I think the harm that we would
10 suffer, I believe, is the difference between the contract
11 rate and what a jury or a trier of fact might find as the
12 infringement rate. Because, right now, all the
13 plaintiffs have really cheap licenses. They're very,
14 very cheap. Rates were set a long time ago. And I think
15 there's a decent chance, maybe a good chance, in an
16 infringement claim, the actual reasonable royalty rate
17 could be much higher.

18 THE COURT: And, in fact -- I don't know, if I
19 had started with you in the back room -- maybe I should
20 have started this out here this way -- I thought that's
21 what this case is about. In other words, think about
22 what I've heard today so that you can either confirm or
23 disabuse me of these notions, but you've said you
24 certainly don't intend to seek to enjoin them in the
25 short run, you know, to seek a preliminary injunction.

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1 And even at the end of the case, we're not interested in
2 taking Avonex off the market. Our interest is in seeing
3 it sold. So you want -- Columbia wants more money,
4 right?

5 MR. GINDLER: That would be correct.

6 THE COURT: That's what the case is about from
7 Columbia's --

8 MR. GINDLER: That's correct.

9 THE COURT: -- perspective. I mean, you want
10 money. And the risk to the plaintiffs, because Cordis I
11 makes me think they shouldn't have no risk in attacking
12 the validity of the '275, the risk to the plaintiffs is
13 that if they lose, they're not going to just pay the
14 contract rate. The contract's terminated for these two
15 as of May and April. And then they're going to have to
16 pay at some statutory rate. What can the statutory rate
17 be?

18 MR. GINDLER: Well, the rate is not so much
19 statutory as it is what experts say would be a reasonable
20 royalty.

21 THE COURT: I mean, they get statutory damages.

22 MR. GINDLER: That's correct. And that's a
23 different number than the license rate because, in that
24 analysis, you assume the patents are valid and infringed.
25 Whereas, in a licensed negotiation, people can say, well,

1 I'm not sure your patent is valid, but I'll pay you X
2 percent. So, just as a rule of thumb, I think your
3 Honor's suggestion of the amount of royalties that would
4 be owed is a good number, because if right now they paid
5 a one percent royalty, an expert might say a two percent
6 is a better royalty. So I think that's probably a good
7 rule of thumb.

8 THE COURT: Twice as much?

9 MR. GINDLER: Twice as much, one percent to two
10 percent.

11 THE COURT: Is it a matter of public record or
12 some kind of trade secret as to what each of these drug
13 companies pays Columbia every year?

14 MR. GINDLER: I think it's not a matter of
15 public record, but I think we could probably be persuaded
16 to disclose what those amounts are. All of the
17 agreements are pretty much the same on the royalty rates,
18 with one exception, and that's Johnson and Johnson, which
19 has a somewhat different agreement. And pretty much
20 everybody pays one percent. There are some variation.
21 Genentech pays less.

22 THE COURT: One percent comes out to be a high
23 number for some of these. Well, I work for the
24 government, so anything is a high number for me. But is
25 it known, for example, approximately how much Biogen pays

1 Columbia? I'm trying to figure out what's at stake in
2 this case. Maybe you don't want to say it in open court.

3 MR. GINDLER: One can look at product sales and
4 multiply one percent times those product sales and have
5 an idea of what it is.

6 THE COURT: So what's about one percent of
7 Biogen's annual sales?

8 MR. GINDLER: I'm not sure what it is today for
9 products like Avonex. The historical payments probably
10 are lower than it will be right now. I'm not privy to
11 projections what they'll sell this year or next year.

12 THE COURT: For example, what were they last
13 year when they were paying?

14 MR. GINDLER: I don't know right now, but I can
15 find out in about two minutes. I do have their 10K here.

16 THE COURT: Maybe Mr. Ware is.

17 MR. GINDLER: Yes. But that's a number that we
18 can easily get in next five or ten minutes.

19 THE COURT: Mr. Ware, do you know?

20 MR. WARE: I don't know the precise number so
21 I'm reluctant, but I think your Honor makes the point.
22 Of course, the order of magnitude we're talking about
23 with many of these products are, you know, maybe a
24 billion dollars.

25 THE COURT: I don't ask this rhetorically.

1 What's one percent of a billion dollars?

2 MR. WARE: Ten million.

3 THE COURT: Ten million. Starts to add up.

4 MR. GINDLER: One percent here, one percent
5 there.

6 THE COURT: In total from everybody, Columbia
7 thinks that if it wins, it means a hundred million
8 dollars a year. I got that impression from the papers.

9 MR. GINDLER: I think that's a fair statement.

10 THE COURT: And we're talking about 17 years or
11 something.

12 MR. GINDLER: Right. There is a fair amount of
13 variation about which company picks up what percentage of
14 that pie.

15 THE COURT: I'm just trying to -- so that's what
16 makes it either hard to settle or at least worth having
17 all these lawyers, because you're talking about a hundred
18 million dollars a year.

19 MR. WARE: It's real money and, if one were
20 going that direction in terms of a bond, it might be
21 quite prohibitive in terms of that sort of approach to
22 it. Now, we certainly wouldn't agree with Mr. Gindler's
23 analysis about the necessary likelihood that a litigated
24 royalty rate would be different. There's a whole
25 complicated set of facts there that has to do with an NIH

1 termination letter that puts constraints on what Columbia
2 could charge. There's a Doctrine of Law --

3 THE COURT: The NIH agreement requires that they
4 make it available to you at reasonable rates?

5 MR. WARE: Yes.

6 THE COURT: And what was reasonable -- when did
7 you enter your license agreement?

8 MR. WARE: Biogen in '93. But the value of
9 this invention was known in 1993.

10 THE COURT: I mean, you go back and forth. I
11 can't decide it, but it's possible that what was
12 reasonable in '93 is less than is reasonable now.

13 MR. GINDLER: We set the rates a long time ago.

14 MR. WARE: Well, there's an issue because of
15 the fact that there are all these agreements out there.
16 There's also a doctrine in patent law, patent damages,
17 called Established Royalty. And so if you have enough
18 license agreements out there, courts will hold that that
19 is an established royalty, and so you don't on individual
20 cases expect to have different rates. This is
21 particularly true, I think, in a situation where, again,
22 the NIH had some involvement. So I'm not sure that the
23 NIH would regard it as reasonable to charge some of the
24 licensees multiples of what other licensees are being
25 charged. So that would be a debate that we would have.

1 And all I mean to suggest now --

2 THE COURT: Well, but it could be that -- you
3 know, you're concerned about Serono. They may have said
4 it, so they're thinking, gee, you know, we've got a 50
5 percent chance of losing and, if we lose, we're going to
6 have to pay two percent, so we'll pay one percent and
7 just wipe out the uncertainty. I think that's what Mr.
8 Gindler is planting in my mind. If you have a negotiated
9 rate, it's to avoid the risk of litigation. It's kind of
10 a settlement sum.

11 MR. WARE: I think that our point with respect
12 to the bond would simply be that to pick a number that
13 was other than the rate that multiple parties have in
14 their contracts would be picking a number out of a hat.
15 Columbia has given the court no guidance other than Mr.
16 Gindler's suggestion today that it ought to be doubled,
17 but without any evidence to support that. And so it
18 seems to us that if Columbia wanted to make that
19 argument, they could have made a presentation to the
20 court with respect to the amount of a bond and provided
21 some support for that. And there isn't any in this
22 record.

23 THE COURT: And what should the bond be from
24 Columbia's perspective if I only entered the limited
25 injunction with regard to the '636 and '159?

1 MR. GINDLER: That's a much harder question
2 because they don't use the '636 patent, and the '159 is
3 right now sitting in a Patent Office somewhere, and we
4 don't know if it will issue or not. I think the damage
5 there would only be if they start using the '636, if they
6 start using the '159 if it's issued.

7 THE COURT: And, actually, my quick thought on
8 that was I would require they pay some nominal bond and
9 then, if they started using the '636 or the '159 was
10 issued and this case was not resolved, Columbia could
11 come back to me and say, this bond is no longer
12 sufficient. There's been a material change in
13 circumstances.

14 MR. GINDLER: I think that's fair.

15 THE COURT: All right. Do the other parties
16 want to be heard on the stay?

17 MS. PRUETZ: Adrian Pruetz for Genentech. I was
18 prepared to address the stay, but if the court is
19 inclined to deny it, I don't need to go into my argument.

20 THE COURT: All right. Is there anything I
21 didn't mention in my soliloquy that you'd like me to
22 particularly have in mind?

23 MS. PRUETZ: No, I think the court really stole
24 my thunder on this one and covered everything I was going
25 to say in my argument.

1 THE COURT: Okay. When we finish, I can take up
2 to a dozen of you back in the -- maybe a few more -- back
3 in the jury room, maybe after a break. I think we can
4 hammer out a schedule, you know, within the principles
5 we've been discussing, and I think that is likely to be
6 more effective than trying to do it in open court.

7 So I think that leaves for argument the
8 emergency motion to seal and restrict access to
9 confidential information. And on this one, my thoughts
10 are not as advanced, even tentatively, as they were on
11 the preliminary injunction and the stay.

12 I can say two things. One, we've shifted away,
13 I think, from Rule 26. But in certain circumstances, I
14 think I do have some inherent authority. It's not clear
15 to me because this has been moving very fast whether in
16 view of the present state of the record Columbia contends
17 that there has been some attorney misconduct, and you
18 should clarify that. If there hasn't been any attorney
19 misconduct -- indeed, maybe even if there has -- I'm
20 interested in hearing about whether the information at
21 issue is really a trade secret or otherwise confidential,
22 although not quite a trade secret, because some of it, at
23 least, was given to Immunex. And just so you don't think
24 there's nothing for the approximately 40 lawyers to think
25 about, I think there's a First Amendment dimension to

1 this. If they lawfully got some information, why
2 shouldn't they be allowed to talk about it, or if they
3 didn't unlawfully get some information.

4 And with regard, you know, to the remedy of, you
5 know, restricting the information to outside counsel, I
6 don't know if the horse is out of the barn, although I
7 guess it sells in the grand jury context. That wasn't
8 the end of the inquiry. So those are my questions.

9 MR. GINDLER: Let me try to address them this
10 way. Let me start with confidentiality. This isn't a
11 privilege in the sense that it's an attorney/client
12 privilege. This is simply a statutory prohibition.
13 Pending patent applications developed before a certain
14 time frame are confidential from the public, period.
15 There are a number of exceptions set forth, and no one
16 claims that the '159 application history falls into any
17 of those exceptions. That's the playing field. No one
18 disputes that. No one tries to argue --

19 THE COURT: Why don't you speak into that
20 microphone.

21 MR. GINDLER: I'll try and speak up, maybe. No
22 one tries to argue otherwise. Okay. Now, what's
23 happened? How did they get the file history? Well, we
24 know little more than we knew before, but we don't know
25 everything. They got it from what we know in two ways.

1 Immunex asked for and got some claims from us, a set of
2 claims at a given time, not the whole file history, just
3 then currently pending claims. Others went to the Patent
4 Office.

5 Now, here's what we know based upon what people
6 have filed. Foley Hoag in October of 2002 requested the
7 file histories of the original three earlier patents and
8 of the '275 patent. And what they got back included the
9 entire '159 application 2, although they say they didn't
10 ask for it.

11 THE COURT: It all came on a CD Rom or
12 something?

13 MR. GINDLER: I think that came later. But it
14 all came. They've had it, and they've kept it. They
15 didn't tell the Patent Office, whoops, I shouldn't have
16 this. They tell us, did you authorize the release of
17 this? They just kept it.

18 THE COURT: Well, did they reference it in the
19 complaint last year?

20 MR. GINDLER: There were references to claim
21 language but, remember, we had already disclosed claim
22 language to Immunex. And so it wouldn't have surprised
23 us if Immunex passed it around to other licensees. We
24 had no idea that in fact people had the entire copies of
25 the file history.

1 A second thing happened which is that they say
2 that in November of 2002, Biogen's in-house counsel
3 received the '159 history, and they say, maybe directly
4 from the PTO. They don't say yes. They don't say no.

5 Now, there's one other sort of troubling thing
6 that happened right around November of 2002, which is
7 that a gentleman named Mr. Linton went to the Patent
8 Office, and he filed a form to get a copy of the '159
9 application, and he falsely stated in that application
10 that the application had been abandoned and, therefore, I
11 get the '159 file history because it's abandoned.

12 THE COURT: Who is Mr. Linton?

13 MR. GINDLER: I don't know who Mr. Linton is,
14 but he filed that document, and it seems that right about
15 that same time, November of '02, Biogen has a copy of it.
16 I have no reason to believe one way or the other, other
17 than just the timing, whether or not Mr. Linton was
18 acting on behalf of Biogen or anybody else. Don't know.
19 I can just tell you, both happened at the same time.

20 So then a third thing happened, okay. In May of
21 this year, Foley Hoag ordered a certified copy of the
22 '159 application as filed. Now, that's permissible,
23 because the application as filed is actually part of the
24 '275 patent history. So that was a proper request.

25 THE COURT: They were both filed on the same day

1 in 1994?

2 MR. GINDLER: I'm sorry?

3 THE COURT: Were they both filed on the same day
4 in 1994 and the '159 is referenced in the '275?

5 MR. GINDLER: I believe that's correct. I
6 don't have the dates clearly in mind, but my point,
7 though, is that the '159 application was -- it had to be
8 put into the '275 file. So it's public, the application
9 itself. So the request made in May of 2004 was proper.
10 What they got back was a CD Rom with the whole file
11 history current as of that date.

12 THE COURT: So it's the application and all the
13 prosecution history?

14 MR. GINDLER: Everything. What I don't
15 understand is why Foley Hoag asked for it again, asked
16 for the application on May 4, because they already had
17 it. They got it in October of 2002. Unless they were
18 hoping that the Patent Office would make a mistake again.

19 THE COURT: When did you learn -- when did you
20 first learn that the Patent Office made a mistake?

21 MR. GINDLER: We first learned -- I don't know
22 that exact date. I know when I first learned about it,
23 which is from my client, but I was told that they heard
24 about this person named Mr. Linton going to the Patent
25 Office, getting a copy of it improperly, and Columbia's

1 prosecuting counsel talked to Patent Office and said,
2 hey, this file is still confidential, would you please
3 keep it that way. And I'm told the Patent Office said,
4 whoops, our mistake, shouldn't have gone out. Won't
5 happen again.

6 They have not been very good about the "won't
7 happen again" part of it, because they seem to have a
8 problem with keeping the documents confidential, which
9 are confidential. They're confidential statutorily.

10 I am concerned, I don't fully understand why
11 Foley asked for the application again on May 4 if they
12 already had it, but I just don't know.

13 So the main arguments which are being made as to
14 why it is that they can keep all this is they argue
15 things like waiver and that the public has an interest,
16 and this is all resolved by the statute. The statute
17 sets forth the exceptions. There is no general concept
18 of waiving. There's no case which says that in this
19 context. There's no case that says the confidentiality
20 of section 122 can be waived forever. There is
21 exceptions. You either follow them, or you don't follow
22 them.

23 THE COURT: Well, I'll have to focus on it, but
24 the statute says that the Patent and Trademark Office has
25 to keep this information confidential, doesn't it?

1 MR. GINDLER: That's correct.

2 THE COURT: It doesn't say that Columbia has to.

3 MR. GINDLER: That's correct.

4 THE COURT: So if -- I mean, if Columbia
5 published all of this in the New York Times and then you
6 came in and ordered me, you know, asked me to order the
7 -- not to let inside counsel read it --

8 MR. GINDLER: That would be a bad day for me in
9 court.

10 THE COURT: But that -- I mean, obviously,
11 that's an exaggerated example, but it's not -- I think
12 you're right, it should be analyzed in terms of waiver,
13 but that's why I put it in terms of whether Columbia
14 treats this information -- and you should describe for me
15 with a little more precision what this information is --
16 as a trade secret or, if it doesn't quite rise to a trade
17 secret status, as confidential information deserving a
18 protection. Because, you know, if you told Immunex and
19 when you told Immunex you said, you know, we're giving
20 this stuff to our licensees, you know, I wonder whether
21 that's more like publishing it in the New York Times.
22 You've given it to the, you know, the heart of the
23 information to the relevant universe.

24 On the other hand, if it's distinguishable, it's
25 not like publishing it in the New York Times, and you do

1 show me that you've done things to maintain the
2 confidentiality of something particular that you're
3 concerned about, maybe -- well, then I might be more
4 inclined to do something.

5 MR. GINDLER: This is not a case, though, of
6 everybody having the same thing. And that's an important
7 distinction. So we're not claiming that we have to have
8 attorneys' eyes only or sealing of anything which we gave
9 to Immunex, because we gave it to them. And if they gave
10 it to somebody else, that was our decision to give it to
11 them and we, in effect, chose not to keep that
12 confidential.

13 THE COURT: So that's the claims as of when,
14 2002?

15 MR. GINDLER: It's what we gave to Immunex,
16 which I think happened in May of 2002. I don't have a
17 copy of exactly what we gave to them, but we've never
18 asserted that that's improper. Okay? What is improper
19 and what causes us concern is everything else the Patent
20 Office improperly released. And there was no contention
21 that the other parts of the file history, other amended
22 claims, other argument, other things that Columbia did,
23 should have gotten out. If the Patent Office followed
24 proper procedure, it would not be in the hands of anyone
25 else. But now it's in the hands of quite a few people,

1 and now it's in the court file.

2 You asked the question of is it a trade secret?

3 And I think the answer is not exactly in the way that we
4 would think about trade secrets under the Uniform Trade
5 Secret Act, because patent applications and trade secrets
6 can sometimes overlap and sometimes not. And so I think
7 it's clearer to talk about this in terms of
8 confidentiality, protected by law, and established by
9 law. But I think knowledge of trade secret is not
10 exactly correct. One could use that term.

11 THE COURT: I said trade secret or, if it
12 doesn't quite rise to that level, something confidential.

13 MR. GINDLER: So I think that's a fairer way of
14 describing it, it's just confidential. I think part of
15 the reason it's fairer is because you can waive in almost
16 a subject matter sort of way trade secret protection,
17 just as you can waive lots of protections. But this is
18 entirely established by statute, with exceptions
19 established by statute as to who gets to see it and who
20 doesn't.

21 THE COURT: I know, but I don't think you're
22 contending there's a private right of action under the
23 statute.

24 MR. GINDLER: And we have not attempted to
25 bring such a claim. We're not bringing any causes of

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1 action on that. We don't know all the facts right now.
2 All that we're saying is people have documents that,
3 whether they were acting with a bad intent or not, they
4 shouldn't have. It causes us concern that they got the
5 documents and didn't do anything about it, because they
6 know they shouldn't have them. The '159 hasn't issued.
7 No exception applies. All of the lawyers who got them
8 knew they shouldn't have them.

9 THE COURT: Now, we're in Massachusetts, and I'm
10 not -- I haven't thought about whether Massachusetts law
11 should apply to this -- but in 1995 I wrote a decision in
12 a non-jury trial, Picker International Corporation versus
13 Imaging Equipment Services, and I talked about trade
14 secret law, and then I said: While this matter may not
15 constitute a trade secret, it may be entitled to
16 protection as confidential business information "Against
17 one who improperly procures such information, the law
18 puts its imprimatur on fair dealing, good faith, and
19 fundamental honesty. Courts condemn conduct which fails
20 to reflect the (sic) accepted moral values by penalizing
21 such conduct wherever it occurs." And I think I was
22 quoting USM Corporation, 379 Mass at 97.

23 Is that about the right standard to be applying
24 here?

25 MR. GINDLER: I think it's about the right

1 standard, but instead of saying improperly procured, it's
2 probably improperly keep, because I don't know whether
3 they did anything that was improper. I don't know
4 whether one of the licensees sent Mr. Linton down to the
5 Patent Office. And the requests that we have seen that
6 they've submitted showing what they gave the Patent
7 Office and what they got back, the requests were proper.

8 THE COURT: And this isn't a rhetorical
9 question. Somebody gave it to Mr. Linton, and then who
10 was it who went to the Patent Office and said, don't do
11 that again?

12 MR. GINDLER: John White or someone from John's
13 firm.

14 THE COURT: And do I have that in the record in
15 front of me, that somebody from Mr. White's firm went and
16 said that?

17 MR. GINDLER: I believe that is in our
18 supplemental filings.

19 THE COURT: And what do you think is the legal
20 theory and authority for my taking action in these
21 circumstances?

22 MR. GINDLER: I think just what we said in our
23 supplemental brief. I think the court has an inherent
24 power to protect the integrity of the proceedings, the
25 integrity of laws to protect confidential information.

1 And so here it is. It's out of the Patent Office. It
2 shouldn't be out of the Patent Office. It shouldn't be
3 in the hands of the licensees. It shouldn't be in the
4 court. And we're asking for a lot less than what we
5 might ask for. So, for example, it's okay for right now
6 for outside counsel to keep it. They shouldn't have it,
7 but I understand that there may be arguments as to why
8 they should be able to keep it for the time being,
9 because we haven't established that there was wrongdoing
10 by them or by anybody acting on their behalf. We haven't
11 made that allegation. But I don't think their client
12 should have it because their clients are the licensees.
13 And it shouldn't be in the public file.

14 THE COURT: Well, those are two separate
15 questions.

16 MR. GINDLER: Yes.

17 THE COURT: In my mind. I sent you the Biogen
18 versus Berlex confidentiality agreement we haven't talked
19 about. I haven't looked at it recently. But my memory
20 is that there were designated people of the clients who,
21 in addition to outside counsel, could have access to
22 trade secrets.

23 MR. GINDLER: Mm hmm.

24 THE COURT: Generally speaking, I wonder how
25 lawyers, you know, can prepare and present cases if they

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1 can't discuss things with their clients who are the ones
2 who, presumably, have the most technical expertise. So I
3 have that concern.

4 MR. GINDLER: But this case isn't about the
5 '159 application. This case is about the '275 patent.
6 And so --

7 THE COURT: Well, the '159 is part of the
8 history -- okay, but they have the application, the '159
9 application.

10 MR. GINDLER: It seems they do now. But if
11 they were going to get it, if it was discoverable, it's
12 rediscoverable, if at all, through the discovery process,
13 and then the court would establish whatever ground rules
14 applied under a protective order.

15 THE COURT: I thought you said that the '159
16 application was in the file with the '275.

17 MR. GINDLER: Just the application.

18 THE COURT: Right.

19 MR. GINDLER: Not the file history. Just the
20 first application.

21 THE COURT: No, I understand. So you want me to
22 issue an order that, one, limits what the Patent and
23 Trademark Office improperly released to outside counsel
24 and order that that information not be put in the public
25 record?

1 MR. GINDLER: That's correct, your Honor.

2 THE COURT: And the second part of that
3 implicates -- in the First Circuit, we have Anderson
4 versus Cryovac that says discovery materials can be
5 subject to a protective order, although these aren't
6 discovery materials. But we also have the New England
7 Rare Coins decision, which is a 1987 appeal on a decision
8 of mine. When a court relies on a piece of information
9 in making a decision, there's a strong presumption that
10 that will be in the public record, particularly when
11 government conduct is at issue. Here, the Patent and
12 Trademark Office's conduct is at issue. Now, I haven't
13 relied on anything yet, I don't think, although I've been
14 making reference to the '159 application. Maybe at least
15 implicitly, something is associated with it.

16 MR. GINDLER: It's a little more difficult
17 question because this is not something that comes up in
18 the case law. It doesn't quite fit into any one box.
19 What we're really asking for is to have this done, I
20 think, at least now on an interim basis, because events
21 in the case may overtake it. So, for example --

22 THE COURT: Let me ask you this, and then I'll
23 ask all the other counsel. Is the '159 prosecution
24 history relevant to the double patenting.

25 MR. GINDLER: We would say it's not. I'm

1 confident the plaintiffs will say that it is. That's
2 going to be what happens a lot in this case. I'm sure
3 they will ask for it in discovery. They have asked for
4 it in discovery. If your Honor decides it gets produced,
5 it will get produced under some form of confidential
6 order.

7 THE COURT: I think I understand why the '159
8 would be relevant to prosecution laches. I think I don't
9 see at the moment why it would be relevant to
10 nonstatutory double patenting.

11 MR. GINDLER: I don't see how it is.

12 THE COURT: But if it's not, maybe I would issue
13 an order that would apply in the coming double patenting
14 phase of the case and then come back to it afterwards.

15 MR. GINDLER: That's essentially what I have in
16 mind because if the document becomes discoverable and
17 it's produced pursuant to a protective order, then a
18 protective order should apply, and that will govern going
19 forward. That may or may not have an attorneys' eyes
20 only level of confidentiality. Hasn't been worked out.
21 But it will one day if the case proceeds.

22 THE COURT: Well, let me see what the drug
23 companies have to say on this.

24 MR. WARE: Your Honor, I think that Amgen's
25 counsel, Ms. Herlihy, was going to address this.

1 THE COURT: Say your name for the record,
2 please.

3 MS. HERLIHY: Eileen Herlihy on behalf of Amgen
4 and Immunex. Your Honor, as far as Amgen and Immunex is
5 concerned, we believe that the file history is not
6 confidential and, in any event, even if it were, it has
7 been waived. Any confidentiality has been waived by
8 Columbia's actions.

9 Your Honor, Mr. Gindler has made some statements
10 that as a matter of statutory law this file history is
11 definitely confidential, but what Mr. Gindler has not
12 referred to is 37 CFR, section 1.14H2. And under that
13 section, the Patent Office under special circumstances if
14 special circumstances exist which warrant petitioner
15 being granted access to all or part of the application
16 can give out the application. And, in fact, I believe in
17 Columbia's briefs that they have made some comment to the
18 effect that they aren't aware that the Patent Office has
19 done any such thing, but they don't say anything about
20 whether they have investigated that, your Honor.

21 But --

22 THE COURT: Is there any evidence that the
23 Patent Office has made such an exception?

24 MS. HERLIHY: Well, the Patent Office has given
25 it out, your Honor. The Patent Office, perhaps, wasn't

1 mistaken. Perhaps they were giving it out pursuant to
2 this provision. We really don't know. But we do know
3 that the Patent Office has given out the '159 file
4 history not only to Biogen, but also to Amgen and
5 Immunex.

6 Your Honor, aside from that, we do believe that
7 there can be waiver. Columbia certainly waived any
8 confidentiality with respect to the '159 claims when it
9 wrote the famous, now perhaps famous White letters that
10 are attached to our opposition.

11 In a letter of May 6, 2002, John White sent the
12 claims to Immunex. And in a letter of May 15, John White
13 announced that the pending claims are not being treated
14 as confidential with respect to the licensees, such as
15 Immunex.

16 Your Honor, thereafter -- that relates now to
17 the claims. So we know now that the '159 application is
18 not confidential, because it was referred to in the '275
19 prosecution history. The '159 claims are not
20 confidential, at least according to Columbia, with
21 respect to the licensees. The PTO distributed the '159
22 file history at least to Amgen and Biogen, and we don't
23 know who else. And then Columbia --

24 THE COURT: Well, did you make a request for an
25 exception under 37 CFR, section 1.14H2?

1 MS. HERLIHY: Your Honor, as far as I know,
2 Amgen obtained the file history through a service, and I
3 believe that some of the other plaintiffs also obtained
4 it through a service. So, to be honest, I don't know
5 what papers were filed with the PTO.

6 THE COURT: Well, at least one of your agents
7 should know. You know, was it a mistake, or was somebody
8 arguing that an exception should be made?

9 MS. HERLIHY: Your Honor, we don't know what was
10 argued, but we do know that repeatedly -- and Twomey
11 (sic) has admitted this as well -- repeatedly, the PTO
12 has given it out, and the question is, was it a mistake
13 or not? It's our position that it could very well not
14 have been a mistake but, even if it were, it doesn't
15 matter. I believe it is true, as your Honor suggested,
16 that if Columbia published this in the New York Times,
17 there would be no question that the parties could look at
18 it. As Mr. Gindler said, it would be a very sad day in
19 court for him. I believe it should still be a sad day in
20 court for him, because the parties, as long ago as almost
21 a year ago, have referred to more than the claims.
22 They've referred to the claiming strategy in their
23 complaints. So they have filed inequitable conduct
24 claims that are based on the claim strategy based on
25 having the '159 file history, your Honor.

1 THE COURT: Well, is the file history -- I'll
2 ask you the same question. Is the file history relevant
3 to the double patenting issue?

4 MS. HERLIHY: Yes, your Honor, we believe it is
5 relevant to claims construction and, also, Columbia has
6 taken the position that with respect to the reissue
7 proceedings that all of the plaintiffs will be able to
8 participate and monitor this.

9 And, your Honor, Mr. Gindler this morning -- and
10 I want to make sure I have this correctly -- told your
11 Honor that there must be overlapping issues between the
12 reexam and the reissue, on the one hand, and the '159.
13 And so, in any event, if Columbia is serious that all of
14 the plaintiffs should have some opportunity to be able to
15 monitor the reissue, then all of the plaintiffs should
16 have access to the '159 file history.

17 Your Honor, Columbia, when the parties -- and,
18 first, it was Biogen that raised inequitable conduct
19 complaints based upon Columbia's actions during the
20 prosecution of the '159 file history -- did not complain,
21 Amgen also, in both the first and second amended
22 complaint, as early as September of 2003, described acts
23 with particularity from the file history, Columbia did
24 not complain. They did not say, you should not have the
25 file history, it should be sealed.

1 Your Honor, given Columbia's actions and their
2 lack of objections in the past, their current position
3 is, we would suggest, similar to the famous scene in Casa
4 Blanca when Captain Renault shuts down Rick's Cafe and
5 said, I'm shocked, shocked to learn that there's gambling
6 going on. They knew that the parties had the '159 file
7 history.

8 Your Honor, we believe that, in any event, the
9 in-house counsel should have access to this, for the
10 reasons that you have been raising. The in-house counsel
11 are part of the trial teams. They're going to have to
12 work with the outside counsel. They are going to have to
13 see the '159 file history. It's relevant to claims
14 construction.

15 THE COURT: Are you agreeable to limiting the
16 circulation to in-house counsel?

17 MS. HERLIHY: And outside counsel?

18 THE COURT: Yes.

19 MS. HERLIHY: Yes, your Honor.

20 THE COURT: Okay.

21 MR. GINDLER: If can answer one question -- I
22 didn't mean to interrupt.

23 THE COURT: I'll give you a chance to respond.
24 Go ahead.

25 MS. HERLIHY: Your Honor, I'm getting close to

1 the end. We do believe that it would be unfair to
2 restrict it.

3 THE COURT: Have you already given it to inside
4 counsel for your clients?

5 MS. HERLIHY: Well, your Honor, they had it from
6 the PTO, so they have already seen it.

7 THE COURT: Because that's -- I mean, I can look
8 at the analysis in Sells, which I've read on other
9 occasions. But if they've already seen it, the efficacy
10 of taking it away from them is less. And it also gets
11 more -- I don't issue orders that I don't intend to
12 enforce, and, you know, if inside counsel have for a
13 year, perhaps, had this information, and then they say,
14 we're going to give it back, and then somehow they act on
15 it or discuss it with their attorneys, you know, have
16 they violated my order, or are they just acting from
17 memory or knowledge generated at a time when they weren't
18 prohibited from having the information? It's a concern.

19 Okay. Thank you.

20 Do you want to respond briefly?

21 MR. GINDLER: Yes, just briefly.

22 We actually asked the question of the Patent
23 Office. Is this application still confidential? Did you
24 make an exception we didn't know about? And they sent us
25 an e-mail back that said, no, still confidential. It's

1 attached to our papers. So we wondered the same thing,
2 because it kept leaving the Patent Office when it
3 shouldn't.

4 It shouldn't be the case that the court doesn't
5 issue an order because somebody got something improperly
6 and just had it for a while, because that means if you
7 get something improper, then you should get to keep it.

8 THE COURT: Well, that has a certain appeal but,
9 you know, in Shakespeare, Henry IV is talking -- they're
10 anticipating the attack from Prince Harry, and some of
11 them are scared, and they say, oh, he can summon demons
12 from the deep, and the response is, so can any man, but
13 will they come?

14 (Laughter.)

15 THE COURT: I'm sorry, I don't like to tell
16 jokes, because everybody thinks they have to laugh. But
17 I can issue any order. It's not just giving the document
18 back, but forget about it, because it's not just the
19 document you're concerned about or documents, it's the
20 information. But I can't effectively order them to
21 forget about it and, if I can't -- you know, if I'm
22 thinking about the various things that, you know, go into
23 exercising some inherent authority, the potential
24 efficacy of the order influences me.

25 MR. GINDLER: I understand, but I don't think

1 we're asking for an order that prevents them from using
2 their memories. They had it. They had it for a period
3 of time. But their memories will fade. And the
4 documents have a lot of complexity to them. Claim
5 language is very, very complicated.

6 THE COURT: The claim language, at least as of
7 two years ago, you gave out. So in this area of trade
8 secrets -- and I think it relates to confidential
9 information -- what -- you know, what have you done to
10 maintain the confidentiality? And if Mr. White says, we
11 don't treat the claims as confidential in 2002, what
12 makes them confidential in 2004?

13 MR. GINDLER: Because the law says they're
14 confidential. The law says that the plaintiffs can't go
15 and get it.

16 THE COURT: How come Columbia keeps employing
17 Mr. White? He keeps fouling up.

18 MR. GINDLER: Mr. White didn't foul up. The
19 Patent Office fouled up.

20 THE COURT: No, now I'm just focusing on the
21 claims, not the file history. He said, you can have
22 these claims in 2002. You know, if it's not treated as
23 the Crown Jewels in 2002, why are they so important in
24 2004?

25 MR. GINDLER: I'm sure he did so, with

1 Columbia's consent at the time. I wasn't part of those
2 negotiations, although I can imagine why they asked,
3 which was Immunex might be wondering, should we keep
4 paying license fees? Do we care about this? I wasn't
5 there and so I'm not saying that's what happened.

6 THE COURT: I know, you're not the witness, and
7 he's going to be a witness, Mr. White. You're the
8 lawyer. But the point is, you know, if you want to have
9 a real siren song, the words and the music have to go
10 together. And if this is information that hasn't been
11 treated by Columbia historically as confidential, I mean,
12 I wonder what the harm is.

13 MR. GINDLER: But I think it has. People have
14 recited an occasion on which we gave claims at one time
15 to a licensee. That's what's been recited. It's not
16 that we're simply handing this out to everybody on the
17 street. We don't know how they got it. I don't know how
18 all the plaintiffs got it. I just know what's written in
19 Biogen's papers, and I know that it was released
20 improperly by the Patent Office. I know that they
21 shouldn't have it. And so now what do we do? We learned
22 about it much later. Do we leave it as it is, or do we
23 try and repair the status quo? And I think we try and
24 repair the status quo. We take the documents away from
25 the clients. Their outside counsel can still have them

1 on an interim basis. If the '159 becomes relevant to
2 other parts of the case, they'll be produced.

3 THE COURT: Ms. Herlihy says, you know, with
4 regard to the stay, you argue -- and I haven't decided
5 any of this yet. It's part of the reason I wanted to
6 hear all of it, because it's somewhat seamless -- that I
7 should stay the case, and they can participate in the
8 Patent Office proceedings and monitor them. Well, how
9 can they participate if they don't know what's going on?
10 How can they monitor them if they can't read the
11 prosecution history?

12 MR. GINDLER: I think what people are saying is
13 they can participate in the reissue and then the
14 reexamination. The '159 is sort of on its own track.
15 I'm just guessing that the examiners responsible for the
16 two are going to talk to each other, but I'm just
17 guessing there. But in terms of monitoring, that file is
18 open to the public. Reissue and reexamination
19 proceedings are totally public. And so anyone can find
20 out what's going on there.

21 THE COURT: Well, the '159 application is in the
22 '275 file, but the file history of the '159 is not?

23 MR. GINDLER: That's correct, just the
24 application as originally filed. That's it. So that's
25 proper for them to have. It's also proper for them to

1 have what John White gave out. Everything else is not
2 proper. It left the Patent Office and went into their
3 hands. I don't know how it happened, but it did, and no
4 one has cited an exception that would apply to the rules.
5 And we asked the Patent Office, did we miss something?
6 Did you make an exception? They said, no, still
7 confidential. Maybe they'll get it right next time.

8 THE COURT: Do the plaintiffs object, at a
9 minimum, to my ordering that at least pending the outcome
10 of the double patenting issue that the documents and
11 information not be disseminated beyond outside --
12 in-house counsel?

13 MS. HERLIHY: In-house counsel and outside
14 counsel?

15 THE COURT: Yes, outside counsel and in-house
16 counsel can have it, but --

17 MS. HERLIHY: Yes, your Honor, that's fine.

18 THE COURT: That's okay?

19 MS. HERLIHY: Yes.

20 THE COURT: Well, why don't you assume -- don't
21 assume. I'm ordering that. For now, just so I can think
22 about this more, there should be no distribution beyond
23 outside counsel and inside counsel for the drug company
24 plaintiffs and, by the close of business Thursday, you
25 should just each send a letter with the names of the

1 people who are authorized for each law firm and client to
2 have access and stating they've been advised of that
3 order. Okay?

4 MS. HERLIHY: Yes. Your Honor, we'd like to
5 point out one more thing with respect to the e-mails.
6 The only thing that we've been given as far as support
7 for this proposition that the PTO has admitted they made
8 a mistake are some e-mails that are attached to the
9 declaration of David Gindler, and the e-mails do not,
10 it's important to say, point out that mistakes have been
11 made.

12 THE COURT: What tab?

13 MS. HERLIHY: I believe it is exhibit K.

14 Your Honor, there are two e-mails, and one of
15 them contains some information. The one that was sent to
16 the PTO contains some information that appears to be
17 false on its face. It's stating that -- it's stating to
18 the PTO from Columbia's attorneys that the prosecution
19 file contents remain confidential and not accessible by
20 the public as of the date of this electronic mail. It's
21 asking for confirmation that that's still the case, it
22 appears. And I would say that whoever wrote this perhaps
23 didn't know that someone at the PTO had been giving it
24 out on multiple occasions, as the documentation will
25 show.

1 The response is just that it indicates that this
2 application hasn't been published and is still considered
3 confidential.

4 So I would say that, at best, these documents
5 are showing that some people at the PTO gave it out, and
6 one person when asked and told that it had been published
7 said, well, it hasn't been published. It's still
8 considered confidential. It's a little bit ambiguous,
9 and Columbia did say in their briefs that they were not
10 aware of an exception, not that there wasn't one.

11 THE COURT: Well, in effect, Mr. Gindler said
12 the same thing. Okay.

13 MR. GINDLER: Will the documents that are in
14 the court file remain sealed?

15 THE COURT: Yes.

16 MR. GINDLER: Thank you, your Honor.

17 THE COURT: And so far I haven't relied on them
18 to make any decisions.

19 (Short pause.)

20 THE COURT: Mr. Goldberger would like to know
21 whether an exception would be published in the Official
22 Gazette if it had been requested or granted?

23 Well, there you go.

24 MR. GINDLER: My colleague Mr. Sheasby, who
25 knows these things, told me it should be, but sometimes

1 it's not.

2 THE COURT: Well, some of this is reinforcing my
3 sense that I shouldn't stay this until -- but having said
4 that, having said that, there's also confidential
5 information that sometimes gets out of court. I don't
6 mean to disparage people who are doing difficult jobs
7 probably with limited resources. And all this
8 technology, you can put everything on a CD Rom, sometimes
9 might mean you hand out the CD and you haven't eye-balled
10 it and seen you should have taken one file out of the box
11 the way we used to do before we had everything
12 electrically.

13 I'm going to issue later today or tomorrow a
14 very short order memorializing the order I just entered
15 orally regarding what should be done with this
16 information pending a further order, and I may explain to
17 you in more detail than I have the energy to do now what
18 I think the First Amendment issue is that's embedded in
19 here that nobody has addressed.

20 But what I'd like to do now -- it's a little
21 after 4:15 -- is give you until 4:30. I think, Mr.
22 Gindler, explain to Ms. Laporte what you would like in
23 terms of being put on notice of the contentions, what
24 kind of time to respond. That much seems to me to be in
25 the interest of justice. And Biogen and Genzyme, I

1 think, are pretty far along in their ability to do that.

2 You've devised a schedule that will keep you all
3 busy throughout the summer. That's okay with me. But if
4 you build in -- if you want to build in a week or two to
5 get some vacation, that's okay with me too. And in the
6 joint statement, it was suggested that we -- that I see
7 you sort of regularly, every other month, because
8 something will come up. And when we go back and we
9 develop a schedule, I want to pick sometime in August for
10 you to come back and say where are we. If there are
11 issues that have emerged, you'll tee them up. And I'll
12 want that probably in about mid-August, you know, around
13 or about August 15.

14 So talk about that. Look at your schedules. I
15 don't know that I need all 40 of you. It's up to you, of
16 course. But I'll see you in about 15 minutes.

17 And I'm going to take the motion for preliminary
18 injunction under advisement and the motion for stay as
19 well. But it is my intention to carve out this double
20 patenting issue to go first, no matter what I do on the
21 other matters.

22 And, as I said, you should talk about, you know,
23 who are these, hopefully, just several people whose
24 testimony you want to capture and how much time for Mr.
25 White, what kind of documents in connection with Mr.

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1 White. That can be sort of satellite stuff that you're
2 just kind of depositing, in case things start going fast
3 after the summary judgment or trial. Okay?

4 See you in about 15 minutes.

5 (Short break.)

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1 LOBBY

2 THE COURT: Here's where we are so far as a
3 result of the discussions in the lobby.

4 As I understand it, on July 23, the plaintiffs
5 are going to file contention interrogatories.

6 MR. GINDLER: Yeah, their positions are
7 important to the contentions.

8 THE COURT: Okay. They're going to file
9 invalidity contentions July 23.

10 On August 6, Columbia is going to do the same.

11 On August 27, both parties -- all parties are
12 going to file their initial expert reports.

13 On September 17, they're going to file
14 responsive expert reports.

15 On October 8, they're going to file their
16 motions for summary judgment.

17 October 22, they're going to file their
18 oppositions.

19 On November 1, they're going to file any
20 replies.

21 I am planning to hold a hearing on November 22
22 and 23 on the motions for summary judgment.

23 We haven't discussed it, but to hold the place,
24 would this be a jury trial? It would be, wouldn't it?

25 MR. GINDLER: I think so.

1 THE COURT: Start the jury trial, for present
2 planning purposes, December 13.

3 I anticipated that there would be expert
4 depositions between September 17 and October 8. Did the
5 parties anticipate that or not? Did you build in a time?

6 MR. BARSKY: We should set a deadline for that.
7 October 1, two weeks.

8 THE COURT: Let's say October 1.

9 Now, with regard to prosecution laches, the
10 stand-still agreement, I believe the parties have agreed,
11 but we'll see where we are, will remain in effect. What
12 that means is that if at the end of summary judgment or
13 trial it is determined that the '275 patent is valid, the
14 plaintiffs can revive, reactivate their motion for a
15 preliminary injunction based on prosecution laches, and
16 the stand-still will remain in effect until I decide that
17 motion. It will be my goal to decide it as soon as -- to
18 have the hearing as soon as reasonably possible,
19 recognizing the time of year and the fact that everybody
20 will need to get refocused. But that motion for
21 preliminary injunction on prosecution laches will be
22 decided on the record as it exists today, June 22, 2004.

23 So there won't be any more affidavits, for
24 example, from Mr. White, nor will there be any deposition
25 of Mr. White.

1 The issue that I didn't think existed but was
2 brought to my attention right before we went on the
3 record is the issue of whether any other discovery is
4 necessary on the double patenting issue.

5 (Short pause.)

6 THE COURT: And, now, since Judge Goldberger
7 handed me a note, I can say that my understanding is that
8 if the '017 or '665 is a result of a restriction
9 requirement, under the statute, it can't be used against
10 the '275 for double patenting. That's 35 USC, section
11 121. But if the restriction -- but if there is a
12 restriction requirement, it should be in the file. So
13 what would Mr. White, for example, know that isn't
14 written down?

15 MR. GINDLER: There's no position on our part
16 that the '665 or the '017 patents are prior art against
17 the '275. In other words, we're not taking that
18 position.

19 MR. WARE: Okay, that helps.

20 MR. GINDLER: The double patent.

21 THE COURT: For the purpose of the double
22 patenting, right, Mr. Gindler?

23 MR. GINDLER: Yes, correct, absolutely.

24 THE COURT: And does that eliminate the need for
25 the inventors, Axel, Silverstein, and Wigler, Doctor

1 Chasen, and Mr. White on double patenting?

2 MR. WARE: I think, certainly, we would still
3 want to take the inventors' deposition, depositions.
4 Certainly -- of course, they're the authors of the prior
5 art, to begin with, but they have in the course of their
6 work made statements that may be contradictory of
7 positions that Columbia wants to take with regard to
8 double patenting. So they would be quite knowledgeable
9 witnesses.

10 THE COURT: Well, I thought double patenting --
11 I'm reading footnote 1 from Geneva Pharmaceuticals:
12 Nonstatutory double patenting compares claims in an
13 earlier patent to claims in later patents -- in a later
14 patent or application.

15 So you're comparing claims. Because the
16 question is not, I think, what was intended. The
17 question is how would something be understood by a person
18 ordinarily skilled in the art.

19 It says: Nonstatutory double patenting does not
20 require any inquiry into motive.

21 So what the inventors intended, I thought,
22 reading this, is irrelevant.

23 And then it says: Third, nonstatutory double
24 patenting does not require an inquiry into objective
25 criteria, like what happened in the marketplace. People

1 go, wow, and switch to this product. I thought that was
2 an objective criteria.

3 So the reason I was attracted to the
4 nonstatutory double patenting is that I thought it was
5 pretty much done on a paper record as perhaps supported
6 by experts who would tell me, you know, what these things
7 communicated to a person ordinarily skilled in the art,
8 but not what did the inventors intend.

9 MR. BARSKY: Wayne Barsky, Columbia. It's
10 always the case, not only in double patenting but in any
11 claim construction that what inventors intend is
12 irrelevant because the claim serves as notice to the
13 world, and so all that matters is what the proper
14 construction of that claim is based upon the language of
15 the claim, the prosecution history, and the
16 specification, and how that would be viewed by a person
17 of ordinary skill in the art.

18 So there's no question that in every patent
19 lawsuit, certainly for infringement, inventors'
20 depositions are usually sought, and interesting things
21 always arise. But one of the things that the Federal
22 Circuit has made clear, it doesn't come in and can't
23 affect the court's interpretation of claims. It's what
24 inventor thought his or her claim meant or what the
25 inventor intended his or her claim to mean.

1 THE COURT: And I wrote about that some in
2 Biogen. I think this whole process ought to be used by
3 judges, among others, to discipline people to clearly
4 express their intentions. I don't know what the status
5 of the doctrine of equivalents is these days. I think if
6 you want something covered, go tell the Patent Office.
7 Don't get something that you didn't tell -- don't get
8 something narrower and come tell me they're equivalent.

9 I don't know if I ought to finally decide this
10 today. I suppose at the moment I'm not authorizing any
11 further discovery, unless there's something more you'd
12 like to tell me as to why you need these people.

13 MS. PRUETZ: Frankly, I don't disagree with
14 anything that's been said, but I think that in this case,
15 particularly, where we're dealing with a lot of semantics
16 and claims where they go from mammalian cells to CHO
17 cells, which are mammalian cells, and all these different
18 constructs in terms, I think it would be helpful to hear
19 what the inventors have to say about what their
20 understandings are, not so much what their intentions
21 are.

22 THE COURT: But I can't take that into account
23 in claim construction. That's extrinsic evidence, isn't
24 it?

25 MR. GINDLER: Yes.

1 MS. PRUETZ: Well, it might prevent Columbia
2 from taking positions that are really untenable based on
3 what their own inventors might say. I think it's kind of
4 an insurance policy it doesn't happen on claim
5 construction.

6 THE COURT: Well, you're going to get these --
7 look, that would be very risky business for Columbia,
8 because if the drug companies don't win on double
9 patenting, then we're going to have prosecution laches.
10 Then you can take the inventors. And if they come in and
11 say things that are contrary to -- well, you're going to
12 have all kinds of problems of like -- I don't know
13 exactly what the problems are.

14 I mean, I'll say the following. If you can --
15 at the moment, I don't see the need for the depositions,
16 but we have to build in another date, and I'm going to
17 order that contentions are going to be exchanged by
18 August 6. I'm going to order that you give me a status
19 report with any outstanding issue by August 11. And if
20 somebody thinks that additional very focused discovery is
21 necessary and appropriate, you're going to have to
22 discuss it like any motion. But we'll have to figure out
23 what the schedule for this is, but I propose to see you
24 on August 16, say, at two o'clock, just to see where we
25 are and whether some things emerge.

1 MR. BARSKY: Your Honor, just a point of
2 clarification. The only discovery the court is
3 authorizing right now are the depositions of the
4 individuals who have been identified as being senior in
5 age and --

6 THE COURT: I haven't even got to that yet. I
7 haven't got to that yet. Right now, just for double
8 patenting, it's the experts. And I guess I'll say the
9 following. You have to order the transcript. You're
10 going to do that anyway, but you have to order this one.
11 If by, say, July 10 the plaintiffs can identify some --
12 is this a realistic deadline, or do you need to wait to
13 get the responses? You know, some really good reason to
14 get some narrowly focused additional depositions. You
15 have to confer -- make them a little later -- we'll make
16 it the 17th, because I want you to take the 4th of July
17 off. You have to confer. You can file a motion by the
18 17th. Give me a response by the 31st. When I see you on
19 the 16th, I can decide whether you can have another
20 deposition, you know, but it's got to be very focused,
21 because my present conception is, and the reason I was
22 drawn to this reading this footnote is that there may be
23 a clean way for the plaintiffs, who say they're going to
24 win on double patenting, to get that decision promptly.
25 And you can, as I said, the first choice of plaintiffs is

1 you win and, if you lose, we'll figure out how to deal
2 with it, but I know the uncertainty creates a lot of
3 problems. So I'm trying to find a way to cut through
4 that.

5 MR. WARE: Your Honor, could we revisit the
6 issue of document production for just a moment? I'm not
7 sure where there's been left. But I can give an example
8 of something.

9 THE COURT: My question is going to be, if this
10 has to be viewed from the perspective of a person -- is
11 this right? -- it's got to be viewed from the person
12 ordinarily skilled in the art, and then the question is
13 is something in the '275 substantially identical or
14 conversely materially different than something in the
15 earlier patents? Wouldn't you do that based -- wouldn't
16 a person ordinarily skilled in the art only have access
17 to the intrinsic evidence, the patents, and the file
18 history, you called it -- I call it prosecution history
19 -- and not anything else that you will be now seeking in
20 discovery? That's my question.

21 MR. WARE: Well, one other thing that can, I
22 think, always be relevant in discovery is contrary
23 statements that have been made by Columbia. So just to
24 give the court one example, the touchy subject of the
25 '159 file history, that's a file history that in the

1 prosecution there have been issues raised by the Patent
2 Office about double patenting, and Columbia through John
3 White has responded to those and made certain assertions
4 about the meanings of, I presume, meanings of claims in
5 prior patents, and it would seem to me that it would be
6 unfair for Columbia to be taking contrary positions in
7 this court to positions that it is currently taking in
8 Patent Office on talking about those same prior
9 referenced patents. So that would be an example of --

10 THE COURT: Let me ask you this. Does Columbia
11 anticipate showing its expert the file history of the
12 '159?

13 MR. GINDLER: We do not.

14 THE COURT: I thought you might say that.

15 MS. BEN-AMI: Leora Ben-Ami for Wyatt. This
16 would be what in the '159 in the later prosecution what
17 was said about the earlier patents and the earlier
18 applications, those which are now prior art. So if
19 Columbia in the '159 application prosecution is saying,
20 in their earlier applications, this meant this and that
21 meant that, those would be admissions.

22 THE COURT: And why wouldn't you know that from
23 the file histories of the patents other than the '159?

24 MS. BEN-AMI: Because these would be later
25 admissions of that earlier work, and so we would need the

1 continuations and all the materials going in the '159 to
2 be able to see that. I'm not arguing about depositions
3 right now, I'm just saying paper.

4 MR. GINDLER: I don't think any of it is
5 relevant. I think just the intrinsic evidence is
6 relevant. It doesn't matter what somebody says about the
7 intrinsic evidence. What matters is what is the
8 intrinsic evidence.

9 MR. BARSKY: It may go, your Honor, to -- what
10 Ms. Ben-Ami was referring to -- may well go to an issue
11 of enforceability of the '159, if it ever matures and
12 issues as a patent. It may go to whether or not --

13 THE COURT: You're going to want to retire
14 before you come back in front of me with some
15 representation to the Patent and Trademark Office around
16 now that's inconsistent with the position that is being
17 taken in this case.

18 MR. BARSKY: Right. I don't disagree, your
19 Honor, and I'm saying that if representations were made
20 to the Patent Office about the meaning of earlier claims,
21 such as in the '275, then that goes to the
22 enforceability, potentially, of the '159, if it ever
23 issues, but it wouldn't -- I mean, for purposes of Geneva
24 and the very rigorous process of a double patenting
25 analysis, which is a determination of whether or not on a

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1 claim comparison by claim basis there is identity between
2 the two claims, it's not relevant. I realize it's
3 obviously an issue -- it would be an issue of interest.
4 And I understand exactly why the plaintiffs would want
5 that information.

6 MR. PALS: Mark Pals for Abbott. The file
7 wrappers application or the family of the patents that at
8 issue are dead bang relevant to the claim construction as
9 an issue. There's no question. The cases are clear on
10 that.

11 MS. LAPORTE: The Federal Circuit has recently
12 issued a ruling exactly about this.

13 THE COURT: You're going to have to (A) confer
14 and (B) if you can't resolve this in some narrow focused
15 way, file something on the schedule I just described.
16 You know, you're talking about cases that I haven't had a
17 chance to read. But if the plaintiff drug companies are
18 going to be seeking some additional discovery, you want
19 to tailor it, your request, as narrowly as you can
20 because, if this is a discretionary area, I'm not likely
21 to have the time or inclination, particularly the
22 inclination, I'll have to the time, to take a Solomonic
23 approach. And what I'm likely to do is to look at the
24 two competing proposals if I have genuine discretion and
25 say, which of these two is more reasonable, sort of like

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1 baseball arbitration. You want to come in and you want
2 to be the most reasonable. And if you persuade me that
3 what I thought coming in here was right, none of this is
4 relevant because, if the '159 wouldn't be available -- if
5 the file history or the '159 would not be available to a
6 person ordinarily skilled in the art in trying to figure
7 out what he or she can do and cannot do, then I'd, not
8 knowing much about patent law, say, why should you have
9 discovery? But if there's an answer to that in the
10 Federal Circuit cases, I'll be educated. And then you'd
11 identify with precision just what you want, and you try
12 to make it as unburdensome as possible, because you said
13 maybe you just want the documents to show your experts,
14 you don't want depositions or something. Because if it's
15 going to add a long time to the schedule, it's not what
16 any of you want.

17 MS. PRUETZ: Adrien Pruetz for Genentech. Just
18 one small point. One thing we haven't talked about is
19 the fact that the exercise the court is going to go
20 through in claim construction is an interpreted one where
21 there's going to be some reliance on experts because of
22 the subject matter at issue, the technology.

23 THE COURT: I don't think that's necessarily
24 true at all. I've never -- I wouldn't have any -- you'd
25 have to persuade me to listen to an expert if I wasn't

1 doing double patenting, I think. My understanding is
2 that I'm supposed to -- when I do claim construction,
3 it's supposed to be the rare case that I rely on
4 extrinsic evidence. And I had none. I've interpreted
5 these patents. I mean, you say I know something about
6 the technology. We didn't build in the tutorial. We
7 have to do that. No, but I've interpreted some of these
8 patents, haven't I?

9 MS. PRUETZ: Yes.

10 THE COURT: And I didn't have any -- there was
11 no extrinsic evidence. I can say it can be done. I did
12 it.

13 MS. PRUETZ: It was just on the issue really of
14 credibility that what could happen, and I don't know if
15 it will happen, is the parties are going to have experts.
16 There could be some disagreement on what terms mean. And
17 while the court could resolve those itself without any
18 kind of additional assistance, one of the things that
19 the '159 application or some of the other documents and
20 witnesses were talking about for assistance is just
21 providing a credibility check.

22 MS. PRUETZ: We should probably brief this. It
23 might be easier at this hour of the day.

24 THE COURT: It's not a question of the hour of
25 the day, but that's part of it. I mean, you should go

1 back -- in Biogen versus Berlex, 113 F Supp 2nd 77, I
2 discussed what I understood in 2000 to be the applicable
3 standards. And my memory is that at that time the state
4 of the law was it was supposed to be the rare case, you
5 know, when you would resort to an expert to do claim
6 interpretation. I thought the experts here came into
7 play after I interpret the claim, and they are going to
8 opine on whether they're the same or not.

9 MS. PRUETZ: That's right.

10 THE COURT: So, you know, you talked about a
11 tutorial. What happened in Biogen versus Berlex is they
12 actually gave me two tutorials because my law clerks
13 changed, but they did it twice. You'll have to confer on
14 the tutorial, so you try to agree on as much as you can.
15 But Bill Lee at Hale and Dorr when they did it the second
16 time came in with a cartoon, you know, a little film.
17 And then Mr. Clary from Cravath, who didn't have that
18 much advance notice of the film, pointed out, you know,
19 what wasn't agreed. But Biogen has already -- Biogen has
20 already paid for this once, you know. And, you know, it
21 got me to the point where I could decide what I decided.
22 So -- and I don't throw anything away. I still have my
23 notebook. I probably still have the film somewhere.
24 That's why we have to move out of my chambers.

25 MR. PRUETZ: Perhaps the rest of us need the

1 tape.

2 THE COURT: But Biogen has already paid for it
3 once. First, they did it with power point, and I had a
4 book, and so I had each slide and I could write on it.
5 And then they had something that was animated the second
6 time. But it exists, and it's the same technology,
7 right? I mean, it's the same process.

8 All right, we need to build in a date for the
9 tutorial, which should be after November 1, right? But
10 not too far after it. How about the 5th. Is that okay?

11 MS. BEN-AMI: On your calendar, I just wanted to
12 remind your Honor that I am at trial during the time
13 period --

14 THE COURT: But you've got to do the following.
15 You've, first of all, got to get somebody else with you.
16 I hope some of those 40 people were with you.

17 MS. BEN-AMI: I have one.

18 THE COURT: Get two more. And that's one. And
19 you all think you're going to win on summary judgment.

20 MS. BEN-AMI: I agree with that.

21 THE COURT: We'll cross that bridge when we come
22 to it.

23 MR. GINDLER: There's one other date I think we
24 should set now, which is a last day by which pleadings
25 should be amended, because we have counterclaims that we

1 would like to assert, both breach of contract, which will
2 live no matter what, and infringement, but won't be done
3 now, but I think we should at least --

4 THE COURT: Why?

5 MR. GINDLER: Because I think that it's only
6 fair to just close the pleadings and to put our claims on
7 the table, and the infringement claims could be
8 terminated if we lose on double patenting. The breach of
9 contract claims will not, though, because those simply
10 applied during the period before anyone sued. And so
11 those will be royalty claims.

12 We're not proposing to do anything with the
13 claims. We just think they should be on the table.

14 THE COURT: You have so much to do. Why do
15 that? I don't know. What do you think? Maybe I'm
16 missing something.

17 MR. WARE: Your Honor, at least in the case of
18 Biogen and Genzyme, there is a stand-still agreement that
19 infringement claims won't be asserted. So it's obviously
20 not germane to our case. I don't really see why it's
21 necessary.

22 With respect to contract counterclaims, I think
23 we would want the opportunity to oppose the time to add
24 such claims into the case at this point, which come a
25 year after we sought an declaration of -- that no

1 royalties were owed. So we would certainly at least want
2 the opportunity to oppose adding such claims into the
3 case at this point. But I don't see why it's necessary.

4 THE COURT: You'd claim they're futile or
5 something?

6 MR. WARE: No, I'd claim there are no admitted
7 counterclaims. We specifically asserted that we did not
8 owe royalties.

9 MR. GINDLER: We tried to keep activity down to
10 a low buzz before we got before a single court. It took
11 us a long time to get here. We started this process in
12 October of last year, with opposition by every plaintiff,
13 and we finally got to one court. That's good. So we
14 want to be as in a position so that if, for example, the
15 court were to rule against us on double patenting, okay,
16 that takes a lot out of the case. What's left? Well, we
17 should know what's left. And so --

18 THE COURT: Frankly, if I rule against you or
19 the jury finds against you on double patenting, I hope
20 you're all going to sit down in a businesslike way and
21 see if you can work it out. That's the purpose of all of
22 this.

23 MR. GINDLER: But I do think it makes sense to
24 just put those on the pleadings.

25 THE COURT: Why not put them on the pleadings in

1 the beginning of January?

2 MR. GINDLER: We could do it then.

3 THE COURT: I'm trying to get you off for the
4 4th of July.

5 MR. GINDLER: You succeeded.

6 THE COURT: Did Mr. Barsky show your wife the
7 transcript? Some other judge will probably foul it up.

8 MR. BARSKY: I'd point out that there are some
9 counterclaims, contract counterclaims in the consolidated
10 cases already. For example, the case I'm counsel on,
11 Amgen. There are those counterclaims already.

12 THE COURT: I'm really just trying to get this
13 focused. And maybe I've miscalculated. But I just think
14 this is -- you know, the validity of this patent is very
15 important to all of you, and Mr. Goldberger was telling
16 me Malcolm Baldrige, Secretary of Commerce, has
17 subsequently said, you know, he could manage adversity,
18 he couldn't manage uncertainty. And your clients can
19 manage adversity, but this is really important, I think,
20 and these products are very important. They're not
21 widgets. They're very important to human health.

22 MR. GINDLER: If you prefer to have the date in
23 January, it's okay with us.

24 THE COURT: Yeah. Just try to keep our eye on
25 this ball and, you know, they think they've got a great

1 double patenting case, and all I've seen is their side of
2 the story so, at the moment, it looks good. Let's see.
3 And if not, you know, I'll look at what's in the record
4 on prosecution laches. But, you know, if the case
5 doesn't get resolved as a result of the double patenting
6 issue getting done, then you should know that I don't
7 take any vacation from July to July, but I do take off
8 July, and that's why the Biogen decision with Berlex was
9 August 15, because I wrote it on vacation. But I don't
10 want to do that anymore. Last summer, I did the death
11 penalty. All my big decisions are in August or
12 September, including one that was 661 pages long. But I
13 don't want to do that anymore. So don't plan your
14 vacations for next August. Get used to enjoying the 4th
15 of July. All right? Because if this doesn't take care
16 of it, you know, we'll probably be here next year and the
17 year after and the year after that even.

18 There's another issue that has to be addressed.
19 In that July filing that the plaintiffs, I think, were
20 going to make possibly on discovery, you should also
21 address what needs to be done to get the cases that were
22 initiated to other jurisdictions to Massachusetts for the
23 purpose of trial on the double patenting issue, if trial
24 is necessary. And it may be, if it's complicated under
25 the MDL rules, because the general rules say except in

1 special circumstances, there are remands for trials, it
2 may be that you just, you know, we make some agreement
3 that, you know, the other parties are in privity with the
4 Massachusetts parties, and their lawyers can participate
5 in the case, and then you'll be bound by the decision,
6 even though we didn't literally try your case. Just if
7 you have to be inventive, be inventive, because this does
8 make sense, apparently. The plaintiffs are agreed to it,
9 and Columbia wanted it all in one place. So you'll get
10 one answer. Who knows what it will be. Because if this
11 isn't amenable to summary judgment, all of us will do
12 everything we possibly can to make this as clear as
13 possible to a jury but, at that point, you'll be rolling
14 the dice. At every point, you're rolling the dice.
15 Don't half the decisions by District Judges get reversed
16 in the Federal Circuit? And I've already been -- well,
17 actually, I wasn't completely affirmed. Statistically,
18 I'll get reversed the next time. I mean, I say that. I
19 haven't discerned that there's anything I could do to
20 encourage a prompt settlement. It seems to me there's
21 too much money involved, and the positions seem to be
22 disparate. But if anybody at any point in this case, if
23 you all start talking settlement and think seeing me
24 might help you, just let me know. I would much prefer --
25 I would happily spend time with you on that if there was,

1 you know, any hope that it might resolve everything.
2 Because I really, I think, you know, \$2 billion over 17
3 years or something to a college, that's very important.
4 I can see that. And biotech companies that are reliant
5 on these products are the people who need the products
6 support to them too. So if anybody thinks he or she has
7 glimpsed some way that this can be resolved by agreement,
8 I'd love to try to facilitate that or give you a chance
9 to go to somebody to facilitate it. Okay?

10 Anything else?

11 All right. Mr. O'Leary will let you out. I'll
12 have to -- I'll issue a decision on the motion for
13 preliminary injunction and the stay. But whatever it is
14 -- and on the -- with regard to the documents, that will
15 probably stay where it is for now. But maybe not. But
16 whatever the outcome of the preliminary injunction, we'll
17 go ahead on this schedule.

18 Thank you.

19 ALL COUNSEL: Thank you, your Honor.

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CERTIFICATE

I, JUDITH A. TWOMEY, RPR, Official Court Reporter for the United States District Court, District of Massachusetts, do hereby certify that the foregoing transcript, pages 1 through 200 inclusive, was taken by me stenographically and thereafter by me reduced to transcription and is a true record of the proceedings in the above-entitled matter to the best of my ability.

JUDITH A. TWOMEY, RPR
Official Court Reporter